

THE
BANKER'S MAGAZINE
AND
STATISTICAL REGISTER.

"No expectation of forbearance or indulgence should be encouraged. Favor and benevolence are not the attributes of good banking. Strict justice and the rigid performance of contracts are its proper foundation."

"The revenue of the State is THE STATE; in effect, all depends upon it, whether for support or for reformation."

"Rightfully considered, no principle is more conservative than that which identifies the laborer with the capitalist."

VOLUME FORTY-NINTH
OR,
VOL. TWENTY-NINTH OF THE THIRD SERIES.

FROM JULY TO NOVEMBER, 1894, INCLUSIVE.



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GENERAL INDEX

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OF THE
BANKER'S MAGAZINE AND STATISTICAL REGISTER,
FROM
JULY TO NOVEMBER, 1894, BOTH INCLUSIVE.

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THE

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AND

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JULY, 1894.

No. 1.

MR. SPRINGER'S SPEECH AND THE DEFEAT OF THE BANK TAX REPEAL.

The defeat of the bill for repealing the tax on State bank circulation by so large a majority is one of the most creditable acts of Congress. Indeed, Congress is likely to do nothing that will be more highly commended by the lovers of good government than the vote on this question. After the caucus action of the dominant party on the measure many supposed that the repeal would be effected notwithstanding the strong opposition it was sure to encounter in many quarters.

Mr. Springer's speech in reporting the bill for the repeal is quite unlike the ordinary Congressional speech. He had intelligently sought to ascertain the experience of the past not only in our own country, but in foreign countries in furnishing a circulating medium; and the results of his study are condensed into a speech which, considering the importance of the subject, will not seem too long by all who are interested in understanding the full nature and importance of this great question. Mr. Springer stated at the outset that the bill which he reported did not have his complete assent, and then after giving the world's experience in banking, he presented his own views concerning what should be done. There are some phases of this subject which, notwith-

standing all the discussion that it has received, have not been clearly understood, and two or three of these we propose to consider more fully at the present time.

Many who are in favor of State banking, or rather the issuing of circulation by State banks, are still desirous in some manner of hitching to the State systems National supervision or oversight. But it may be asked, if the State bank systems were all right before the National bank system was introduced in 1863, why should not this system be abolished completely and a return be made to the old systems? Why should there be any attempt to link the two systems together if the older one worked perfectly and satisfactorily? Now the truth is, which all know, the State systems, except in a very few States, did not work perfectly. On the other hand, they caused great evils, and this experience is still fresh in the minds of many people. Furthermore, the National system has worked perfectly so far as giving the people a secure and always redeemable currency. Now the object of attaching the National system to State systems is to give them the advantage or benefit of the other. In other words, having at last discovered a system that works well, an attempt is now made to go back to the old and yet clothe it with such a character as to delude the people and make them think that it is safe and all right by connecting it in some way with the National Government. We contend that a system of paper money should be furnished either by the Government directly, or through its banking institutions, or by State banks. We do not believe in any of these new-fangled schemes for uniting the State and the National Government in this business. In the first place, it can never be done in a satisfactory manner. The currency must be either of the one kind or the other. If the currency is to be furnished by the National Government, or its agencies, then it evidently ought to be under the control of the National Government; on the other hand, if the States are not competent to furnish such a currency, one that will be perfectly solvent and satisfy all the wants of the people, then they should not undertake to furnish it. But if they can furnish a perfectly solvent currency, one that will be readily acceptable, then why should the National Government be required to exercise any supervision over it? Indeed, is not this attempt or desire to connect the National Government in some way with the issuing of the currency a confession of inability on the part of the States to furnish a perfectly satisfactory paper currency for the people? We think that this appeal to the Government to aid in creating and maintaining a paper circulation is conclusive proof that the States alone are unequal to the task of issuing a safe currency. But as the National Government has shown itself able to do so, indeed, has for the last

thirty years furnished one that is readily accepted everywhere, why should this system which has worked so well be disturbed?

One of the reasons for destroying our present circulation and issuing a State bank circulation is, that the present form of circulation is inelastic and therefore not perfectly suited to all the wants of business. This is the principal contention in favor of a different system. We never cease to hear of the necessity of an elastic system. A word or two may be added on this subject. If a State bank currency is founded on bonds simply, then it will not possess this quality of elasticity any more than the National banks possess it, because under the National bank system bonds can be purchased at any time whereon to issue such a currency, and the same thing would hold true with respect to a State bank circulation that was founded simply on bonds. At no time have all of the National bonds been utilized in this manner, and therefore it cannot be said that the system lacks elasticity through fear of a sufficient basis on which to extend the circulation. Therefore, the one system is just as good as the other with respect to elasticity so long as issues are based solely on capital.

But it is said that elasticity may be obtained by founding or basing a circulation on deposits, and this is the desire of very many who favor a return to the State bank system. It seems to us that there is something exceedingly vicious in founding a currency system on such a basis. What is the nature of these deposits? From the bank point of view they are debts which are owing to depositors. From the depositor's point of view it is true that they represent exchanges of merchandise, are titles to property, and represent the amount of wealth expressed by them. If, therefore, a circulation is based on them, some bankers maintain that this circulation is based really on the merchandise thus exchanged and therefore would possess elasticity, contracting or expanding in proportion with such exchanges. But let us not lose sight of the fact that from the bank point of view they are debts pure and simple, and nothing else. Is it not a very strange thing for a bank to use its indebtedness as a basis for issuing its own credits? Is not this the very last thing which a bank ought to do? Suppose an individual who owes a note of a thousand dollars should issue notes and attempt to put them in circulation, based on his indebtedness, would not the proceeding seem very absurd? Would people accept them? On this theory the larger the amount of a bank's indebtedness the more circulating notes it can safely issue. If there be any truth in this proposition, the largest debtor, the biggest bankrupt, would be the person who could, or should issue, the most notes. It is contended that the bank has property with which to redeem these notes that are issued. In truth, it has not a dollar with which to pay them.

Look at the transaction a little more closely. A bank, we will say, has \$1,000,000 of deposits, or, in other words, owes this sum. It proposes to issue \$750,000 of circulating notes against these deposits, all of which are loaned to various persons. Now the deposits, as we have already said, are a debt which must be paid on demand. The notes are issued to borrowers and through them find their way into circulation. What has the bank in the way of money to pay them? It may not have a dollar in its possession. It is true that it has parted with these notes and there are creditors who owe the bank a similar sum, but suppose they should fail, as they often have failed to pay them, what then has the bank in the way of funds to redeem these obligations? Surely it cannot use the deposits in this manner for these belong to the depositors, and the only thing left for a bank to do is precisely what has happened a thousand times, to fail. Is it not then quite absurd to issue notes based on an indebtedness of this kind?

But it may be said, are not the National bank notes issued on a debt? That is true, but it is an entirely different kind of debt, namely, one that is due to the bank, while a bank note issued on a deposit is a debt that the bank owes to another. There is, therefore, a wide difference between a circulation based on deposits and one based on capital in the form of bonds or other obligations owed by the bank. If State banks are authorized to issue notes limited to the amount of their capital, then we contend that there will be no more elasticity in the system than there is in the National system. On the other hand, if the State banks are permitted ever to issue notes based on deposits, or on a small reserve of specie, then the system is essentially vicious, because such notes are really issued on nothing, or worse than nothing, because deposits are simply loans to the bank, are regarded by law and by depositors as debts, and therefore do not form a proper basis for bank note circulation.

In previous articles we have stated our views concerning the kind of relief needed to give what is called elasticity to the currency. There are times of great monetary stringency when there should be some easy and safe way of providing more currency. Ordinarily, there is an ample supply for all the wants of business, but it must be admitted that there are times when a larger amount is greatly needed, and which should be forthcoming without much delay. The Government might indeed authorize banks to issue an amount at such times on a different basis from that now existing. It might consist in the deposit of other securities besides Government bonds. There is a vast quantity of such obligations, railway and municipal bonds of the highest character, and which might be at least temporarily used for this purpose with the very best ad-

vantage. The Government might provide for their use in times of great stringency, taxing the circulation thus issued sufficiently to insure its return as soon as the stringency had passed away. This is essentially the system adopted by the German Government in the re-organization of the Bank of Berlin, and has worked in a highly successful manner. Let Congress investigate and legislate in this direction rather than destroy a system which, on the whole, has worked so well for the last thirty years.

Accumulation of Gold in the Bank of England.—The London *Economist* declares that there can be no doubt that the present accumulation of gold in the Bank of England is one of the ulterior consequences of the Baring crisis. Trade has become depressed, confidence in nearly all of the countries of the world has been shaken and in some cases practically destroyed, and these things have had the effect of turning investors to home securities for investment. That journal remarks that the loss of confidence in the outside world was never so great as at present. There has been an utter destruction of Argentine credit. Civil war has impaired the credit of Brazil, while the Australian bank failures have shaken the faith of people generally in the bank institutions of that far-off country. India has suffered from the effects of silver prices, while trade in the United States has been greatly impaired by currency and tariff questions. In all of these countries enormous sums of British capital are invested, requiring the payment of large sums for interests and redemptions. The journal thus continues:

Although we are now passing through a period of general depression of trade, saving still goes on on an enormous scale; but the English investor no longer looks abroad for his investments. The large sums formerly placed on deposit with the Australian banks are not now offered to them; the Colonies are following a policy of retrenchment; foreign countries no longer come to us hat in hand, and the development of foreign railways and commercial undertakings has nearly ceased. Consequently, the interest indebtedness to us of the world at large is now manifesting itself most clearly, and it is the actual remittances that have now to be made that have gone far to produce the great accumulation of gold at the bank. That being so, one thing regarding the future of our money market appears to be pretty certain, and that is, that the amount of reserve held by the Bank of England is likely to remain considerably above the average of past years, and the discount rate to be proportionately lower, until the English investor has recovered from his recent shocks, and is willing to let his money be invested outside our islands. But this is hardly likely to take place on any appreciable scale for some time to come. Trade throughout the world will doubtless improve in due time, which will have the effect of utilizing a considerable amount of money now in our hands; but until the interest indebtedness of foreign countries can be set off by fresh borrowings, gold will tend to accumulate at home, and bring about the result above stated, of a high reserve and low discount rate.

A REVIEW OF FINANCE AND BUSINESS.

THE GENERAL SITUATION UNIMPROVED.

The first month of summer has brought very little, if any, change or relief in the business situation; except, as time has brought the country nearer the end of the almost interminable tariff debate, and also a partial termination of the disastrous and protracted coal strike. To offset these improving conditions the exports of gold have continued; and, instead of decreasing, as expected a month ago, they have increased until the third week of the month saw the largest movement on record, over \$8,000,000, and the Treasury reserve at the lowest point yet, notwithstanding the agreement of the New York banks to come to the aid of the Government, as they did a year ago. Yet the glut of money unemployed, and unemployable, has prevented any serious apprehension in financial circles, as was the case last year, owing to the belief that this drain cannot continue much longer, and that the movement of the new wheat crop, before the end of July, will create a demand for currency, with which the Treasury is well supplied, in exchange for gold held by the Western banks or their New York correspondents. Beside, the movement of currency from the interior to New York has been unusually free during the month, which has kept the money market as easy as ever and left the financial situation practically unchanged. But the railroad situation has gone from bad to worse, owing to the coal strike paralysis of industry and transportation, which was the last straw on the back of the iron camel, already weighed down under the burden of the general depression of the past year. Added to this previous millstone about the neck of manufactures and commerce, has been doubt of the prospective earnings of the railroads the coming year, owing to general, though conflicting, reports of crop damage by dry weather in the West and Northwest, though general rains came the third week of the month in the affected regions. Yet in some cases these are claimed to be too late to save the crops. But there has been so much speculation in the grain markets on the bull side, that these reports are distorted and generally believed to be exaggerated, although sufficiently credited to produce a sharp advance in the grain markets during June. This, added to bad railroad returns for May, and especially of the Trunk Lines, has given a bear market for railway securities and increased the gloomy feeling in Wall Street and other financial centers. In general trade, there has been little or no improvement, except in some classes of summer goods, which have moved

more freely the last half of the month with the unusually hot weather for the season. But this increased movement has been met by a reduction in prices, as the spring trade had been delayed by the tariff struggle, until manufacturers were at the mercy of buyers, who made the price. The only other exceptions have been in the prices of coal and of iron, which have advanced, simply because the strike cut off the supply and not because of any improved demand. Thus it will be seen that the general business situation remains unimproved at best, and still in the state of suspense that has existed for months, and that cannot end until Congress disposes of the tariff issue and adjourns.

THE SITUATION AT WASHINGTON,

therefore, is the point on which the business of the entire country hinges, not so much on what it will do, as when it will stop doing everything in its power to ruin all industry and trade. Indifference has largely supplanted the hopes of the friends of tariff reform, as well as the fears of the honest advocates of high protection; and, disgust, on the part of the people, has taken the place of trust in our Government, at the exposures of the corruption of the Senate by the most unconscionable and greedy Trusts in existence. Hence the indifference of everybody but the Trusts, and their Senatorial attorneys and dummies with "retainers" or Trust stocks in their pockets; as it is taken for granted that no interests, but those rich and characterless enough to buy "protection" will be looked after, any more than the business interests of this great city, are shown to be, by the exposures of the past month, under the most complete system, of the worst kind of blackmail ever seen in any civilized country. Honest men of both parties, therefore, admit that whatever the result may be, unless the Lower House, in conference, comes to the rescue of the honor and prosperity of the country, by putting these Trusts on the free list, the great body of the people of all sections and parties will be dissatisfied with it, and insist that the work be done over again and honestly, by other and honest representatives of the people in the Upper House, instead of by representatives and attorneys of monopolies that have abused the Government's protection until they have grown powerful and unscrupulous enough to attempt to control it in their own interests. Nothing will be regarded as finally settled, therefore, if the Tariff Bill, as emasculated by the Senate, becomes a law; and it may as well be killed by the House, if the Senate refuse to recede; or, vetoed by the President, if it goes to him in its present shape; and let the existing status continue, until the country can get rid of its purchasable Senators and fill their disgraced seats with honest men who cannot be bought up like cattle at so much per head. This

is the growing sentiment of business men generally, who are not interested in, or with trusts, be they protectionists, or free traders, or tariff reformers; for all alike recognize the impending danger of our Government, being controlled by monopolies, whose interests are opposed to all interests but their own, and to everybody but their stockholders. Hence any tariff dictated by them cannot stand and the country might better bear a little longer the evils now existing, than to fly to those we know not of, until we can permanently escape both. This is the view of many of the most disinterested, unbiased and thoughtful business men of all parties. Yet, with this growing indifference to what the present Congress may do, there is also a growing impatience with its endless and dilatory wrangle, dignified with the name of debate, as business cannot revive while it lasts, and the sooner this National nuisance is abated by adjournment the better will every business man be pleased. If this occurs by the middle of July, there will be time to save fall trade, which ought to be good, unless the crops prove short.

THE MONEY AND STOCK MARKETS.

There has been little of influence or importance during the month, either in the money or stock markets, except as outlined in the "general situation" of business. The rates for money have not moved during the whole period, and have remained for the most part nominal, at old minimum figures, for both call and time loans and mercantile paper. There has been no perceptible improvement in demand from any source, while the decreased supply, due to gold exports, has had no effect, as there was too much money here at the start, while practically the whole of it was taken from the Treasury, and currency has come in from the interior to offset a good part of the currency paid into the Treasury for gold. To say when gold exports will finally cease, is as idle as to try to explain their continuance the past month, when they generally fall off. Some say they must stop after July 1st, while others—equally good or bad financial prophets—say they will continue through July. If the latter proves correct, the banks will have to supply the bulk of the shipments, or the Government will have to issue more bonds. If the former turns out to be true, then we may escape another issue.

In the stock market the "Industrials" (the polite Stock Exchange name for the gambling Trust stocks), have absorbed the chief attention, led, as usual, by the worst gamble on the list—sugar stock, moved by the daily changes in the prospects at Washington, or the discussion of the sugar schedule of the Tariff Bill. Cordage, or "Rope," as it has been called since so many got enough in the panic a year ago to hang themselves with finan-

cially, has been worked up on absorption of outside concerns, and Chicago gas has been manipulated by the speculators of Chicago in touch with the Illinois Attorney-General's office. Next to these (which have been up and down on this special news), the activity has been in bankrupt railway stocks, led by the three trans-continental lines, whose reorganization, schemes and prospects are very unfavorably regarded by their security holders on both sides of the Atlantic, and have done as much as the coal strike and tariff delay to cause a selling movement of American securities in London, where the dissatisfaction over the Santa Fe plan is deep and general.

The atrocious murder of the French President unsettled for a day or two the bourses of Europe. But the prompt, decisive and worthy selection of his successor reassured those financial centers and ended all fears of internal or international complications as a result. The announcement of the assassination, for some unaccountable reason, caused selling of American securities here by Europe. But they were soon bought back, and the effect on our markets was only of the most transient nature, though the act gave a shock to the financial centers of both continents, which was partially offset by the President's assurance of our own financial security.

AMOUNT OF FOREIGN STOCKS HELD IN GREAT BRITAIN.

The London *Spectator* has these interesting figures, which explain in part the influx of gold to London:

Mr. Burdett, in this year's issue of his "Official Intelligence," that admirable account of all stocks and shares dealt in on 'Change, gives an estimate of the amount of foreign stocks held in Great Britain. This can be gathered pretty accurately from the income tax returns, and they show that the total amounts to £763,807,000, or 23 per cent. of the total quantity of foreign stocks in existence. The interest receivable on these stocks is £29,000,000 a year, or rather less than half the income supposed to be derived from land. The sum is very great, and it tends to become greater as the gradual rise in price of the best home securities, which are slowly but steadily absorbed by trustees, insurance offices, and large capitalists, drives small investors and speculative investors to look abroad. The sum of money in the hands of small men is, in the aggregate, very great, and increases every year, and as they seek incomes for old age, they cannot hold consols or railway debentures or municipal bonds. Ten years hence, when "Goschens" pay only 2½ per cent., there will be a rush on much more risky foreign investments.

THE COLLAPSE OF THE TRANSCONTINENTAL SYSTEMS.

The suit of the Government against the contractors who built the Central Pacific, has placed the Southern Pacific system, to which it belongs, under the ban, while the Northern Pacific seems to have been "looted" by its former management, and the Union Pacific is in about as bad a way as its Pacific Coast rivals.

In fact, it looks as if Judgment Day, long deferred, had finally overtaken these mismanaged, Government subsidized roads. It may be that the only way out will be an enforced Government assumption of their management: and, they may afford an opportunity for an experiment in Government railway management in this country. They certainly were not a success, as Government built railways, by which many millionaires have been created at the expense of the people of the United States. Certainly, the Government could not run these roads any worse for anybody but themselves, than they have been run by these managers who have become the greatest railroad magnates of the age, while the properties they have managed have become bankrupt, even with all their Government subsidy. Government control ought to be tried before another such costly experiment as this first, and, it is to be hoped last, in railroad building, for the enrichment of the builders and the corruption of Congress. Europe has no such scandal in all her railroad construction and management, not even in autocratic and corrupt Russia, and European Government roads are better managed and far more honestly than ours. No wonder London and the Continent are getting tired of, and selling out their American railroad "securities," which are a misnomer, and taking their gold to Europe. Europe has paid dearly for the privilege of being fleeced by our "railway magnates," and will not be likely to touch them again for an investment, if for "a gamble," until there is Government supervision, or control, or something more responsible and straightforward than can be found in the history of our trans-continental lines. Outside of the above named securities, trading has been small and prices without important change generally, though the tendency has been bearish for the most part, on the general stagnation in trade, the coal strike, and the uncertain outlook for the growing crops of oats and wheat, with which the corn roads have sympathized on light movement of old crop, though prospects of new crop are flattering.

THE COAL AND IRON TRADES.

Owing to the bituminous coal strike the output of anthracite for June was larger than any other month in the history of the trade, or about 4,750,000 tons. It was agreed at the May meeting of the coal agents to restrict the output to about 3,000,000 tons. The heavy increase over that figure was due entirely to the soft-coal strike. It is regarded as probable that the restriction decided upon for July will be 60 per cent., making the output about 3,000,000 tons. There is talk of an advance in prices of 10 to 15 cents over June, to take effect on July 1. But there is considerable opposition to this advance. This excess of 1,750,000 tons in June, if sold, as seems likely, means

a big lift to the anthracite coal roads and companies, although at the expense of the bituminous mines and carrying companies. Yet the losses of the latter will more than double the gains of the former, and the country will be the loser by that much multiplied by two, to cover the losses of the miners themselves, to say nothing about the losses to manufacturing and transportation companies. The iron trade, no doubt, suffered as much as any other manufacturing industry, but, happily, it has been much less than it would have been had it been in an active condition instead of the present stagnation. This latter can scarcely be relieved until the tariff controversy is settled. But no sooner is the country getting over the immediate disastrous effects of the coal strike, than

THE BUSINESS COMMUNITY IS PLUNGED INTO ANOTHER STRIKE

on nearly all the systems centering in Chicago, both from the East and the West, and threatening to extend to the roads of the whole country, unless they join the American Railway Union and the Knights of Labor in a boycott of Pullman cars, ordered out of sympathy with the Pullman car builders, who struck several months ago at what they regarded as unjust and unnecessary, as it certainly was a radical reduction in their wages. Like the coal, it was a sympathetic strike, and hence the magnitude of both, showing a rapid and serious evolution in this method of enforcing the demands of labor, or resisting the demands of capital. So serious, indeed, are these contests becoming that the people and the business of the country will be unable to stand their strain, and losses and demoralization or stoppage of business much longer, and other and more civilized and equitable methods than either strikes or lock-outs or boycotts will have to be found to take the place of these barbarous methods on both sides. The public, which grants corporate franchises and privileges, in return for the discharge of public functions, such as those of common carriers, must have some protection against both the capital and labor employed or engaged in them; and neither has any right to involve the public in their disputes. Neither side should be allowed to say "I will and we won't," but compelled to submit their grievances to a court or an arbitrator, for adjustment, with the power to enforce its decision; and, in the meantime, neither allowed to suspend operations. This must certainly be demanded of common carriers of persons and property as well as of those who carry the United States mails, which are, or should be, no more sacred in the eyes of the general Government than the persons and property of its citizens. This can only be done by National authority, like that exercised under the interstate law.

THE CROP OUTLOOK AND PRODUCE MARKETS

have been a matter of much speculation during the month; so much in fact that it is doubtful what the real conditions are, there has been so much exaggeration if not downright perversion of the facts, in the eager endeavor of the bulls, to at last turn the wheat market up and get it out of the rut of depression in which it has been dragging so long. Worthy and beneficial, as this result would be, both to the wheat trade and to the general recovery of business and prosperity in this country, it can benefit no one but the speculators who are enabled to sell on the advance, in case it shall prove to be based upon misinformation. We have had two weather and crop scares before the last, this spring and summer, one in March and another in May, both of which failed to hold the market where they put it. This has made many skeptical about the last, and, while more generally believed in, the market at the close of the month has collapsed again, on the heavy and general rains in the Northwest spring wheat sections which seem to have fallen in the nick of time to save that and the oat crops, as they did in the winter wheat sections in May to save that crop. At the same time the wet weather in Europe has subsided equally opportunely to save the endangered crops there from wet weather. Some damage, no doubt, has been done on both sides of the water, but probably not to the extent of seriously shortening the wheat crops of either Europe or America, though the latter will not likely be up to an average. Neither will oats or hay be as large a crop as would have been without the dry weather of May. But they promise fairly and corn to be the largest ever raised, as the acreage has been increased at the remunerative prices of 1893-94 at the expense of wheat, which was not remunerative, and the area has been reduced. Europe has good supplies of the old crop to go into the new, and has been an indifferent buyer, except on the European wet weather scare, near the end of the month, when she bought more freely of wheat. But the export outlook is not as hopeful as might be owing to the under competition of other exporting countries, which has brought about the unprecedented depression of wheat, the world over, the past year. Still, the turning point is likely to prove to have been past and the late upward tendency of prices is likely to hold to the extent of permanently placing wheat on a higher level, while corn and oats have been forced above average prices by the limited supply of old crop back, and the fear of a shortage in the new. Wheat is too low and must eventually go higher; oats are too high and must go lower and corn is liable to sympathize with the latter, as Europe will have better hay and feed crops this year, and exports of both from this country will be

lighter than last. There is too much wheat in sight just now, however, and we are too near the first rush of the new crop for much improvement in prices in the near future unless Europe or the United States should get a wet harvest.

As in wheat, so in cotton, the price is too low to leave much room for a further decline, while the supplies and general conditions of trade are not encouraging to much advance at present, though chances favor a hardening of values later on, as all accidents of weather or harvest will help both. The railroad strike also depressed the grain markets at the close as well as stocks, while it helped provisions, by threatening to hold back the supply of hogs, whereas those of grain are large enough to last over it.

Yet provisions are too high, compared with wheat and other food products, and stocks accumulating too fast to place hog products on any higher basis permanently. Beef products are in a similar position; and, with the fulfillment of present corn crop prospects, prices of meats ought to go lower with feed stuffs on another crop.

Another condition that will help American wheat is the heavy fall in the Argentine gold premium the past month, by reason of which new shipments of wheat from that country have almost ceased, as its silver currency has less purchasing power, and this may reduce the acreage put into the next crop, as the finances of that country at last seem to be getting into better shape.

CONDITION OF THE DRY GOODS TRADE.

The *Evening Post* in its review of the dry goods trade for the first six months of the year says:

The first half of the year will have passed by Saturday and in reviewing the trade since the first of the year it will be found that the manufacture of domestic cottons was curtailed over 25 per cent., and the production of woolen and worsted fabrics was from 50 to 60 per cent., according to the character of the goods, below the output of 1893. The importations of wool were a little less than one-third of the importations during the same period last year. On all staple lines values have shrunk from 15 to 25 per cent., but specials and novelties of all descriptions have suffered especially. The distribution of goods was irregular and at times forced. The situation has one gleam of sunshine in the engagement of goods for autumn, through which some makes of heavy-weight goods have been entirely sold up or contracted for. It is said that the balance sheets of the various houses will vary, as the majority will compare favorably with the same time in 1893, because the manufacturer and not the jobber has had to sacrifice goods.

H. A. PIERCE.

FINANCIAL FACTS AND OPINIONS.

A New Banking System.—Notwithstanding the complete defeat of the bill for repealing the State bank tax, the friends of a State bank system are by no means inclined to give up the fight. Those who belong to the dominant party say that it is committed to such a measure by the Chicago platform, and therefore the party must in good faith establish some kind of a State bank, whereby it can issue a circulating currency. It is asserted that as soon as the tariff bill is completed a new measure is likely to be introduced which will receive more attention than the last. Ex-Comptroller Trenholm appeared a few days since before the Banking Committee and made an argument in favor of a bill, introduced by Representative Coombs, which authorizes a currency commission to sit, during the recess of Congress, and frame a bill.

The Cause of Existing Prices.—A recent number of the *Iron Age* contains a very concise account of the causes contributing to the present low prices existing in every part of the world, but especially in our own country. Of course, every country is so closely linked with every other that a paralysis in industry cannot exist in one without affecting all the others. It is like a wave of the sea, which though rising in mid-ocean will ultimately break against the shore. The first of the causes mentioned is the Baring failure. This was the beginning of the blight that struck the entire world. British capital began to realize on American investments, and those who had these securities began to sell them and to draw steadily from our stock of gold. The second cause mentioned is the culmination of real estate booms and other real estate speculations. The next cause is the completion of enormous iron and steel plants. Never before, the *Age* remarks, in the history of the American iron trade were so many large and finely equipped works built as between 1889 and 1894. The next cause is the superabundance of crops all over the world. While it is a disputed point as to whether the food crops of the world have been excessive in recent years, no doubt exists whatever that the supply has been far in excess of the immediate demand at any time and at any point, so that prices of farm products in America have been forced to a much lower point than ever before, and far lower than agriculturists have figured as the actual cost of production. Cotton has proved no more profitable than wheat. As to wool, exports are being made of a considerable portion of the domestic clip, showing that prices here are at least as low as those abroad, which is an anomalous condition in the American wool

trade, because this country was never before able to supply the wants of its wool manufacturers. Under these circumstances farmers and planters are driven to the practice of the most rigid economy, greatly curtailing the demand for tools, implements, hardware and general manufactured products. One of the most important causes is the opening of a new iron field. Much has been said concerning the discovery of the Mesaba iron range which has introduced a new element into all calculations, disturbing all values of iron and steel, and whose force in constructing cost-sheets has not yet been fully measured. The next cause is the destruction of capital invested in railroads. Finally, the decline in the value of silver and tariff legislation are among the causes named. So much has been said concerning these that nothing further need be mentioned. These causes create a formidable list, and, doubtless, all have had their influence in producing the strange condition of things which has paralyzed for the present the industrial world.

The Tax on Deposits in Savings Banks.—While the Senate has struck from the income tax bill the tax on the earnings of building associations, the proposed tax on the earnings of savings banks is continued. The defenders of the income tax assert that it reaches only persons having incomes of \$4,000 and over, but that statement is not true, for the clause taxing the earnings of savings banks will reach thousands of individuals whose incomes probably do not average a third of that sum. There are no stockholders in savings banks except in the sense that depositors are stockholders, and the majority of these institutions have no salaried officers except those who give their time to their duties as bank officers and clerks. A tax upon the earnings of the banks is simply a tax on the savings of the depositors. The latter are, to a great extent, working people, whose savings are necessarily small, but who might never have saved anything but for the exceptional opportunities afforded by savings banks. A two per cent. tax on their deposits will wipe out one-half of their income from them. The proposed tax, therefore, is not only a tax on thrift, but it is a blow, and a very severe one, at the very people in whose interest the income tax is said by its advocates to have been conceived. The man who has an income of ten thousand a year can well afford to pay a two per cent. tax on all above four thousand dollars, but it is quite different with the man whose income is but a thousand dollars, and who must pay a two per cent. tax on all he saves of that meagre sum. We advise the Democratic Senate to strike out this clause taxing savings banks and substitute a clause taxing office-holders who, under the bill as it now stands, are exempt.

Bank Consolidations.—The most noteworthy bank consolidation of

late has occurred in Louisville, four banks having been merged into one. For president, Mr. J. H. Lindenberger has been chosen, a familiar name in the banking world; and for vice-president the bank has secured Mr. Logan C. Murray, formerly a leading bank president in New York City, where he was connected with the United States and Tradesmen's Banks. Mr. Murray lived in Louisville for many years before he went to New York, and though leaving Louisville with a fine reputation as a banker he returns to it with his reputation greatly increased. It is a remarkable fact that while there has been a consolidation of business interests in many directions, such action has been very slow on the part of banks. The first combination was by railroad companies, and while many at first feared the consequences, in most cases a very distinct public good was accomplished by these changes. There have been very noteworthy combinations or consolidations of manufacturing companies during the last ten years. The tendency has been very marked either of uniting, or, at least, of creating a common interest on the part of all concerns engaged in the same business under the common name of trusts. But the banks have been very slow to follow in this movement. We have urged in our pages from time to time that among banks such a movement must come in the near future. Bank profits have been steadily declining, money has been commanding lower rates, and depositors, in many cases, are demanding interest on their deposits. These and other causes have had a direct effect to reduce dividends, while the expenses of management have remained nearly the same. The only economy that can be effected on a large scale is by consolidation. Perhaps a little banking room is required, a few more clerks, nothing more. It is evident, therefore, that bank consolidation is a desirable thing, and the four banks of Louisville are, undoubtedly, far wiser than many others in uniting their common interests. It is, we believe, the first time that so many have been drawn together, and other banks ought to imitate the example. Of course, an institution with such large resources, and with officers so well-known and respected, must enjoy the highest confidence and ought to be more than of an ordinary degree of prosperity.

Comptroller Eckels is undertaking another inquiry concerning the nature of deposits received by the National banks for the purpose of ascertaining what proportion of them is money and what proportion is credit in the form of checks or other instruments. But the Comptroller seeks to extend the inquiry further. For example, it contains the questions, "What is the usual period of credit granted by the retail merchants in your community; is it the custom in your community for employers to pay wages by checks; if such a custom exists, do the employees as a rule present such

checks for payment at the bank, or are they cashed by the merchants?" In these as well as other respects the investigation differs from that conducted by Comptroller Knox twelve years ago. Mr. Knox did not attempt to determine the source of bank deposits, but simply to obtain a complete classification of the forms of currency. The percentage of different forms of money and of credit instruments then paid into the banks is shown in the following table:

<i>Banks.</i>	<i>Gold Coin.</i>	<i>Silver Coin.</i>	<i>Paper Currency.</i>	<i>Checks, Drafts, etc.</i>
New York City.....	.54	.01	.65	98.80
Other reserve cities.....	1.86	.18	5 61	92.35
Banks elsewhere.....	3.31	.08	14.27	81.74
United States... ..	1.38	.17	4.36	94.09

In remarking on the results obtained, Comptroller Knox said:

The checks received by the banks in New York City, including both State and National, on the 30th day of June, 1881, and which were cleared on the following day, amounted to 141 millions. Of this amount, 113 millions were cleared by twenty-three banks, all of which have relations to a greater or less extent with brokers. From an examination of the clearings of each of these twenty-three banks it was found that the total of certified checks on that day amounted to about 80 millions, of which it is probable that at least 90 per cent., or 72 millions, represented stock transactions. About ten per cent. of this amount should be allowed for the daily payment and re-borrowing of loans by brokers, which is accomplished by means of certified checks. It is therefore estimated by those who are conversant with these subjects, that of the 141 millions of exchanges, about 65 millions represent Stock Exchange transactions. There are really no data upon which a conclusion can be obtained as to what proportion of these large stock transactions are speculative and what legitimate for investment. It is estimated, however, by those who have had long experience in the business, that not more than five per cent. of all purchases and sales at the stock board are for investment account. Assuming that these estimates are reasonable, it would follow that about 60 millions of the 141 millions of clearings upon June 30th, or about three-sevenths of the whole, represent the speculative transactions of the stock board, and that 81 millions, or four-sevenths, represent legitimate business transactions.

Income Tax System of Saxony.—The system is so regulated that people of small means pay only from one-half to 1 per cent of their incomes, while the rich pay never more than 3 per cent. In Prussia the tax begins at incomes of 900 marks (\$214.20), with one-half of one per cent., and runs as high as 4 per cent.; in Saxony it begins at 300 marks (\$71.40), with one-half of one per cent., and runs up to 3 per cent. In Saxony an income of \$119 pays a yearly tax of 23.8 cents—one-fifth of one per cent. In other words, a person with an annual income of \$119 pays to the State one cent out of every \$5 regularly received as income. A person with \$476 income—four times the above—pays \$7.14 per annum. Thus it will be seen that the latter, with an income only four times as large as the former, pays a tax thirty times as large.

Double the income again, make it \$952—twice \$476—and the tax is not twice \$7.14, but \$22.37, more than thrice \$7.14. Double again and we get an income of \$1,904, with tax again more than double (\$57.41). All incomes above \$1,713.60 pay 3 per cent. tax. We see that persons with \$119 income pay one cent out of every \$5, while those with incomes above \$1,713.60 pay 15 cents out of every \$5.

The Indebtedness of Europe.—The financial condition of Continental Europe as contrasted with that of eight years ago has been stated by M. G. Mulhall, in the *North American Review*. Since 1885 there has been an increase of twenty-four per cent. in taxation and seventeen per cent. in public debt. The following figures, as tabulated by Mr. Mulhall, give the annual average revenues and expenditures of the principal continental countries for the last nine years, together with the increase of debt for the period:

	Annual Average.		Debt Increase.
	Revenue.	Expenditure.	
France	£128,000,000	£138,000,000	£89,000,000
Germany	145,000,000	165,000,000	183,000,000
Russia	90,000,000	105,000,000	132,000,000
Austria	80,000,000	88,000,000	73,000,000
Italy	60,000,000	63,000,000	30,000,000
Spain	32,000,000	34,000,000	17,000,000
Portugal	9,000,000	11,000,000	20,000,000
Other States	52,000,000	56,000,000	36,000,000
Totals	£596,000,000	£660,000,000	£580,000,000

The increase in debt has been marked, in some cases amounting to almost the average revenue for a year. A portion of the increase has been due to the building and purchase of railroads and telegraphs. For sixteen Continental States the annual expenditure for armies and navies has risen from £128,000,000 in 1884 to £146,000,000 in 1893, the average for the intermediate nine years having been £140,000,000, that is £12,000,000 more than in 1884. The following table gives the details of expenditure:

State railways	£36,000,000
Telegraphs, etc.	16,000,000
Armaments	228,000,000
Total	£580,000,000

The amounts of custom and excise taxes collected in the five principal Continental States at each extreme of the period under review, with the percentage of increase for each, are given in the following table:

	1885.	1893.	Inc. p. c.
France	£59,000,000	£68,000,000	15
Germany	18,000,000	30,000,000	67
Russia	37,000,000	48,000,000	30
Austria	29,000,000	35,000,000	21
Italy	22,000,000	24,000,000	9

One-fourth of the debt of Continental Europe is represented by State railroads, the bulk of the remainder, nearly £3,000,000,000,

having been expended in wars and armaments. The waste of money in this manner since 1885 has averaged £25,000,000 per annum.

The World's Gold Production.—The production of gold, as well as the existing quality, and its effect on prices, is one of the old subjects that will never find an accurate solution. The reason is that there are so many unknown factors in the problem. No one knows how much gold was produced in the earlier period of the world, nor do any accurate figures exist of subsequent production, nor how much has been lost by shipwreck, fire and other causes. One of the most recent writers to attack this problem is Mr. T. A. Rickard in the *Engineering Magazine*. He declares that the highest yield on record for the world was in 1853, when its value was \$15,000,000. In 1890 only \$120,000,000 were reported. Since that time there has been a fresh increase, nevertheless the output for 1892 was quoted by the Director of the Mint as only \$130,816,227. Some \$12,000,000 from China have been omitted from the figures of the last two or three years. The distribution of the yield last year was as follows: Australasia, \$33,870,800; United States, \$33,000,000; Russia, \$25,801,645; South Africa, \$22,069,578; other countries, \$18,330,249. In the United States in 1892 the leading contributors to the stock were the following States: California, \$12,000,000; Colorado, \$5,300,000; South Dakota, \$3,700,000; Montana, \$2,891,385, and Idaho, \$1,721,364. Mr. Rickard attributes the decline in California from \$81,294,700 in 1851 to \$12,000,000 last year to legislation, which forbids hydraulic mining. Mr. Rickard thinks that quartz mining, which does not yield so handsomely as the earlier methods did for a time, is now our only resource. Indeed, he deprecates the romantic ideas derived from Bret Harte's stories, and insists that the miner of to-day wins success, or in any other industry, only by energy, judgment, science, and common sense. "Gold is rarely got by digging at grass roots," he says. So, too, in Victoria, the falling off from \$63,000,000 in 1853 to 1892 to \$13,481,793 was explained by an official commission after an investigation to the thoroughness with which the alluvium had been worked and to the difficulties and expense of vein-mining. A large quantity has been secured in the Russian possessions for many years, but Mr. Rickard declares that no prophecy can be made concerning the amount that may be derived from that quarter. In the Transvaal there has been a rapid development in gold production since 1887, and that country bids fair to be the chief gold-producing country of the world. From time to time the output and outlook of gold from that country has been described in the *MAGAZINE*. The production of gold and silver throughout the world during the last twenty years has been

given by various writers. No two statements are alike. Between 1871 and 1875 the aggregate production of silver was 295,882,327 ounces; during the next four years the output rose to 356,135,053 ounces; and during the next five years it increased to 437,907,539 ounces. Between 1886 and 1890 inclusive, there was a further advance to 557,551,745 ounces. The production of 1891 was 140,835,902 ounces, while that of 1892 was 139,733,936 ounces. It will be seen that there has been an extraordinary increase in the production during the last 22 years, and this has led to a gradual decline in the value of the ore raised. For the quinquennial period between 1871 and 1875 inclusive, this value was £78,608,483; in the next 5 years £94,616,114; in the next 5 years, £116,338,643, and in the next 5 years, £148,127,453. It will be seen on reference to the figures previously given that while the increase in the production was nearly 88 per cent., the increase in the value was only about 50 per cent. It is in the United States and Mexico that the production of silver has made the greatest progress during the last 22 years. Between 1871 and 1875 inclusive the American output of silver was 121,262,248 ounces; in the next 5 years the production advanced to 157,622,000 ounces; in the next 5 years to 182,900,000 ounces, and in the next 5 years to 230,980,000 ounces. The production of 1891 was estimated at 58,000,000 ounces. The Mexican silver output was 98,289,915 ounces between 1871 and 1875 inclusive; 98,433,240 ounces between 1876 and 1880 inclusive; 124,002,584 ounces between 1881 and 1885 inclusive; 150,519,519 ounces between 1886 and 1890 inclusive. The production of 1891 was 34,838,348 ounces, while that of 1892 was 37,006,382 ounces. The production of silver is increasing in importance in Australasia, but is still a long way behind that of Mexico or the United States. The substantial fact certainly remains that as the production of silver has increased the intrinsic value of the ore raised has declined. The production throughout the world has remained practically stationary. In the 5 years between 1871 and 1875 inclusive, gold was raised to the extent of 28,026,514 ounces; in the next 5 years, to the extent of 26,349,054 ounces; in the next 5 years, to the extent of 24,567,749 ounces, and in the next 5 years, to the extent of 27,030,438 ounces. The output of 1891 was 6,005,189 ounces; while that of 1892 was 6,615,611 ounces. The value has, of course, corresponded to the output, having been £119,051,026 in the 5 years between 1871 and 1875 inclusive; £111,925,510 between 1876 and 1880 inclusive; £104,358,883 between 1880 and 1885 inclusive; and £114,819,893 between 1886 and 1890 inclusive. The value of the output in 1891 was £25,711,232, and that of 1892 £28,101,792. The production of gold in Australasia between 1871 and 1875 inclusive, amounted to 10,533,131 ounces; between 1876 and 1880 inclusive to 7,526,912 ounces; between 1881 and 1885 inclusive to 6,-

909,642 ounces; between 1886 and 1890 inclusive to 6,885,653 ounces; in 1891, to 1,470,585 ounces, and in 1892, to 1,550,000 ounces. The United States produced 9,475,723 ounces of gold between 1871 and 1875 inclusive; 9,530,510 ounces between 1876 and 1880 inclusive; 7,730,324 ounces between 1881 and 1885 inclusive; 8,070,221 ounces between 1886 and 1890 inclusive; 1,604,840 ounces in 1891; 1,650,000 ounces in 1892. The gold production of Russia is not without importance, but is sensibly smaller than that of the United States.

SURETYSHIP.

[CONTINUED.]

"What it is," says Mr. Justice Woodward, "to have the means of satisfaction actually or potentially in hand, must be gleaned from the cases. Thus the levy of a *feri facias* on personal goods of the debtor, as in *Commonwealth v. Miller's Adm.* (8 S. & R. 457), and in *Bellas v. Haas* (16 Ib. 252), was to possess the means of satisfaction, and a release of the levies worked a discharge of the sureties. So when the surety applies to the creditor, and he declines, upon demand made, to pursue it, whereby the opportunity of being paid is lost, the surety is discharged. (*Lichtenthaler v. Thompson*, 13 S. & R. 157.) Or if suit be brought by the creditor which might result in satisfaction, but is discontinued against the consent of the surety, as in *Bank v. McAllister* (6 W. & S. 149), the surety is released." (*Richards v. Commonwealth*, 40 Pa. 146.) Again, if the principal debtor should give his check on a bank to his creditor, and the money should remain there seven days before presentation, and after that time should be appropriated by the bank in a different manner, the surety would be discharged. (*Fegley v. McDonald*, 89 Pa. 128.) The acceptance of a judgment by the creditor against the principal debtor releases the surety. (*Clippinger v. Creps*, 2 W. 45.)

Indeed, this principle has been applied so strongly against the surety, that even the failure of a creditor to revive a judgment obtained against the debtor will not release the surety from his obligation unless there was an express agreement to preserve the life of the judgment. (*Campbell v. Sherman*, 151 Pa. 70.) And in harmony with this application of the principle, if an obligee in a bond should obtain a judgment against the principal, and by non-revival should suffer the lien on his land to be lost, the surety in an action against him cannot avail himself of the creditor's negligence as a defense. (*Mundorff v. Singer*, 5 Pa. 172.*)

* While a levy was in progress on A.'s goods, B. bought the judgment and execution, A. giving his note payable on the return day of the execution, with C. as his surety, as collateral security for the judgment. By B.'s conduct the levy was lost. He could not recover from C. *Spangler v. Sheffer*, 69 Pa. 255.

If for a consideration more time is given to the principal debtor to pay without the surety's consent, and he is thereby prevented from proceeding against the debtor, he is discharged (*Schock v. Miller*, 10 Pa. 401; *Holt v. Bodey*, 18 Pa. 207; *Wharton v. Duncan*, 83 Pa. 40, 43; *Clippinger v. Creps*, 2 W. 45; *Miller v. Stem*, 12 Pa. 383; *Sawyer v. Hicks*, 6 W. 76; *Henderson v. Ardery*, 36 Pa. 449; *Boschert v. Brown*, 72 Pa. 377; *Bornig's Appeal*, 9 Cent. 394; *Ashton v. Sproule*, 3 Pa. 439; *Miller v. Stem*, 12 Pa. 286; *Uhler v. Applegate*, 26 Pa. 140; *Manufacturers & Mechanics' Bank v. Bank*, 7 W. & S. 341; *Beebe v. West Branch Bank*, 7 W. & S. 375; *Smith v. Shidler*, 3 Pitts. L. J. 550; *Melich v. Fortner*, 2 Kulp 139; *Brubaker v. Okeson*, 7 Kulp 184), even though the agreement is made after the rendition of a judgment. (*Cross v. Marcey*, 2 Kulp 85.) But the agreement for an extension is not effectual to discharge the surety without a consideration. (*Ashton v. Sproule*, 3 Pa. 439; *Ashton v. Sproule*, 35 Pa. 492; *McNamee v. Cresson*, 34 Leg. Int. 306.) Thus, A. gave to B. his single bill for \$1,000, payable one year after date. Before its maturity it was agreed on Sunday, without the surety's knowledge or consent, that if A. would pay to B. a specified sum one day before the maturity of the bill, B. would extend the time for the payment of the balance another year. A. paid the sum which B. received and credited on the bill. It was held that the agreement was supported by sufficient consideration, and that if it was proved to the satisfaction of the jury the surety was discharged. (*Uhler v. Applegate*, 26 Pa. 140.) Moreover, though the agreement was void as an executory agreement because it was made on Sunday, the payment of the money, and its receipt by the obligee, constituted a new contract which was binding on the parties. (*Id.* Under a plea that A. became surety by an agreement that time should not be given after the maturity of the obligation, evidence is admissible to show that after it had matured the principal had property enough to pay the debt until he made an assignment for the benefit of his creditors. *Miller v. Stem*, 12 Pa. 383.)

The staying of an execution for a stipulated time, on the strength of another's guaranty of the debt which the guarantor afterwards pays, is such an agreement to give time to the principal debtor without the surety's consent as will discharge him from liability. (*Van Horne v. Dick*, 151 Pa. 341.) In *Henderson's Adm. v. Ardery's Adm.* (36 Pa. 449), A. executed to B., with C. as surety, his single bill payable in a year. Two months afterwards, A. made an agreement with B. to convey property to him and to save him from the payment of a defined indebtedness, in consideration of B.'s assignment of his interest in some property belonging to both of them. The time for paying the bill was extended for a year from the date of the agreement. By so doing the surety was discharged.

In another case C. was surety for H. on a joint and several note in favor of G. In an action thereon by G. against C., he defended on the ground that the time of payment had been extended by agreement between G. and H., without C.'s consent, and that he was thereby discharged. It appeared that there was no arrangement between G. and H. by which H. agreed to pay to G. interest at the rate of ten per cent. per annum, when G. should call on him from time to time, and the whole interest was to be paid before the maturity of the note, or the time to which it was extended. It was held that the court properly instructed the jury that, if they believed from the evidence, at the time the note fell due, G. agreed with H. that the time of payment would be extended for one year, in consideration of the payment of interest in advance, and that this extension was made without C.'s consent, the agreement would discharge C. as surety. (*Calvert v. Good*, 95 Pa. 65; *Hartman v. Danner*, 74 Pa. 36.)

A prepayment on a note is a sufficient consideration to sustain an agreement to extend the time of payment, and if the surety does not assent thereto he is not discharged. (*Grayson's Appeal*, 5 Pa. 388; *Siebeneck v. Anchor Savings Bank*, 111 Pa. 187; *Uhler v. Applegate*, 26 Pa. 140; *Good v. Calvert*, 1 Penny. 140; *Calvert v. Good*, 95 Pa. 65; *Boring's Appeal*, 9 Cent. 394.) The law pays no regard to the adequacy of the consideration. But the payment of interest, whether lawful or unlawful (*Shaffer v. Clark*, 9 Pa. 94, overruling *Miller v. Dishinger*, 27 Pitts. L. J. 138; see *Calvert v. Good*, 95 Pa. 65), after the maturity of a debt is not a sufficient consideration to sustain an agreement to extend the time of payment, and, therefore, if this is done, the surety is not discharged. (*Boring's Appeal*, 9 Cent. 394; *Hartman v. Danner*, 74 Pa. 40; *Hall v. Bardwell*, 1 C. P. 23.) Such a payment has not the same effect as a previous one, for the reason that in a legal sense it is neither a benefit to the creditor, who is entitled to the whole, nor an injury to the debtor, who ought to have done this and more without any promise from the creditor.

Nothing short of an agreement to give time, which is binding on the creditor, and prevents him from suing the principal, will discharge the surety. (*Brubaker v. Okeson*, 36 Pa. 519.) Mere delay without such an agreement will not. (*Ib.*; *Rhoads v. Frederick*, 8 W. 448; *Hartman v. Danner*, 74 Pa. 36; *Calvert v. Good*, 95 Pa. 65; *United States v. Simpson*, 3 P. & W. 437.) Nor can such an agreement be inferred from the declarations of the creditor to the surety concerning the debtor's ability to pay, or other declarations of a similar character. (*Ib.*) Said Mr. Justice Strong in *Brubaker v. Okeson* (36 Pa. 519, 522): "It never yet has been held that a declaration of the creditor that the principal debtor was good enough, that the surety was in no danger, and that the debt

would be collected from the principal without more was sufficient to stop the creditor from proceeding against the surety. Such declarations are exceedingly common. They are often made to induce the surety to go into the contract, and they are repeated afterwards without any desire to mislead, or without being understood as a waiver of any rights. Standing alone they will not discharge the surety." And in a more recent case (*Shaffstall v. McDaniel*, 152 Pa. 598, 602), Mr. Justice Williams has said: "Mere delay . . . will not discharge a surety. To accomplish such a result the delay must be in pursuance of a valid agreement to extend the time of payment. (*Henderson v. Ardery*, 36 Pa. 449; *Boschert v. Brown*, 72 Pa. 372.) The same rule applies to a guarantor. (*Campbell v. Baker*, 46 Pa. 243.) The contract for time must be for a definite period, and upon a sufficient consideration, so that the hands of the creditor are tied." (*Brubaker v. Okeson*, 36 Pa. 519; *Hagey v. Hill*, 75 Pa. 108.) A mere indulgence to a principal until he becomes insolvent and unable to pay the debt, will not release a surety in the note without omission by the plaintiff to proceed after notice. (*Johnston v. Thompson*, 4 W. 446.) If the creditor has disabled himself, the surety is *ipso facto* discharged; if he has not, no eventual loss from mere delay will produce that effect. (*United States v. Simpson*, 3 P. & W. 437.)

As a mere agreement to extend the time for paying a note without consideration and without surrendering the old note and taking a new one would not be binding on the creditor, the surety would not thereby be prevented from paying the debt and immediately seeking reimbursement from his principal. (*Zane v. Kennedy*, 73 Pa. 182, 193; *United States v. Simpson*, 3 P. & W. 437; *Clippinger v. Creps*, 2 W. 45; *Rhoads v. Frederick*, 8 W. 448; *Miller v. Stem*, 2 Pa. 286; 12 Pa. 383; *Brubaker v. Okeson*, 36 Pa. 519; *Commissioners of Banks v. Ross*, 3 Binn. 520.) And if time is given and one of the sureties on the first note assented and the other did not, an award in favor of the dissenting surety does not operate to discharge the other surety and maker. (*Wolf v. Fink*, 1 Pa. 435.)

The relation of principal and surety is not changed by obtaining a judgment on the original security, or separate judgments against a principal and surety. If, therefore, after a judgment has been rendered, creditors agree for a sufficient consideration to give time to the principal, the surety will be discharged. (*Manufacturers & Merchants' Bank v. Bank*, 7 W. & S. 335; *Pott v. Abrahams*, 1 W. & S. 158; *Commonwealth v. Miller's Adm.*, 8 S. & R. 452; *Commonwealth v. Haas*, 16 S. & R. 2,520; *Pott v. Nathans*, 1 W. & S. 155; *Commonwealth v. Vanderslice*, 8 S. & R. 452; *Talmage v. Burlingame*, 9 Pa. 21; *Reiner v. Rodgers*, 2 W. N. 16.)

The refusal also by a creditor in a judgment against a principal

and a surety to issue an execution thereon at the surety's request for the purpose of levying on the property of the principal is a good consideration for a promise to release the surety; on such a promise, therefore, he would be released. (*Westmoreland Bank v. Klingensmith*, 7 W. 523.) And in an action against the surety he would not be obliged to prove that the debt could have been recovered of the principal had an execution been issued against him. (*Ib.*) Again, if a defendant, whose goods are under levy, should give his note, with a surety, as collateral security for the judgment, but without any agreement for a stay, and the creditor should release a part of the property from the lien of his execution, the surety would be discharged. (*Spangler v. Sheffer*, 69 Pa. 255.) And if the debt should be paid by an indorser, for whose accommodation the note was made, and who is therefore the primary debtor, the surety of the accommodation maker for stay of execution would be absolutely discharged. (*Marsh v. Consolidation Bank*, 48 Pa. 510.)

If a surety on a note who has been discharged by the holder's refusal to pursue the principal after receiving notice, subsequently promises to pay as soon as he can obtain the money, this is a conditional promise. Moreover, if it had been absolute, there was no forbearance to sue which was a necessary consideration therefor. (*Funk v. Frankenfield*, 71 Pa. 205.)

When a second note is given in satisfaction of the first, all the parties thereto are discharged and the remedy is on the new note. (*Wolf v. Finks*, 1 Pa. 435; *Weakly v. Bell*, 9 W. 273; *Jones v. Johnson*, 3 W. & S. 276.) On one occasion G. was surety for B. in a note to M. The holder desiring his money indorsed a new note for B., and on the old one acknowledged the receipt of the amount mentioned in the new one less the discount. The raising of the money on the second note, and indorsing the same, was for the mutual accommodation of B. and M., and did not discharge the surety. (*Greenwalt v. McDowell*, 65 Pa. 464.) The receipt of the proceeds of the second note, and the indorsement of them on the first note, although without the knowledge of the surety, was not payment. (*Ib.*) M. brought a suit against G. on the first note before paying the second, which had been dishonored, and was unpaid by B. It was held that he could maintain the action. (*Ib.*)

A vendor who rescinds a contract of sale cannot recover from the surety on a promissory note given for the purchase money. (*Woltring v. Shoemaker*, 102 Pa. 496.) And when a note with a surety is given in payment of purchases, and others are subsequently made as well as payments, the vendor must appropriate them to discharge the first purchases and consequently to relieve the surety. (*Berghaus v. Alter*, 9 W. 386.)

When the principal assigns a fund to secure the creditor who is paid by the surety, he is entitled to the security. (*Miller v. Ord*, 2 Binn. 382; *Pott v. Nathans*, 1 W. & S. 155; *Burns v. Huntingdon Bank*, 1 Pa. 395; 3 Pa. C. C. 525.) As Mr. Justice Clark has remarked: "It is a general doctrine of equity that where a surety pays the debt of his principal, he may avail himself of the securities which the debtor has placed in the creditor's power." (*Tracy v. Pomeroy*, 120 Pa. 21.) The justice also added: "Where such means consist of the responsibility of an individual becoming a later surety or guaranty for the same debt of the principal, there arises a conflict of equities, which may give rise to new questions as to priority, between the former and the latter surety; such latter surety, stipulating at the instance of the principal to pay the debt, suffers no absolute injustice in being obliged to do so, since he is compelled to perform no more than he undertook, and has no right to complain that he is not allowed to use, as a payment by himself, the money which proceeds from another person whom his principal was previously bound to save harmless. How the equity would be in a naked case of this kind, I give no opinion. It is sufficient that it is settled, that if the interposition of the second surety may have been the means of involving the first in the ultimate liability to pay, the equity of the first surety decidedly preponderates." (See *Pott v. Nathans*, 1 W. & S. 155.) Thus, if a principal should assign a fund to trustees to pay a creditor, who is afterward paid by the surety, he is entitled to the fund. (*Miller v. Ord*, 2 Binn. 382.) Or, if a mortgage has been given to a creditor as collateral security, whose debt is paid by the surety, he is entitled to the mortgage. (*Kinley v. Hill*, 4 W. & S. 426.) But if the debtor has paid the mortgage, it is extinguished, and an assignment of it by the surety would be invalid. (*Ib.*) And if a mortgage is given to a surety to indemnify him against loss, which is passed to a third person who pays the money for the surety on the faith of an agreement that the mortgage should be assigned to him, he can retain it. (*Brien v. Smith*, 9 W. & S. 78.) Likewise, if an indorsement of a note is procured by a principal, and given to his surety in a former transaction in response to a demand for security, the surety can sue the indorser. (*Mercer v. Lancaster Bank*, 5 Pa. 160.) And if a surety takes a bond and warrant of attorney for his indemnity against several accommodation indorsements, he may issue an execution on default of payment of the first note that falls due. (*Smith v. James*, 1 Miles 162.) Finally, if a bank has a statutory lien on a borrower's stock, a surety who has paid the debt is entitled to the lien. (*Kuhns v. Westmoreland Bank*, 2 W. 136.) Consequently, if the bank should permit the stock of the debtor to be sold, and should apply the proceeds to discharge a debt due to the bank by the same debtor

having a subsequent origin, the surety would be discharged. (*Kuhns v. Westmoreland Bank*, 2 W. 136.)

When a surety for the payment of a debt receives security for his indemnity or to discharge the indebtedness, the principal creditor is entitled to the security, though he may not have given credit on the faith of it or known of it at the time. (*Rice's Appeal*, 77 Pa. 168; *Cornwell's Appeal*, 7 W. & S. 305; *Erb's Appeal*, 2 Pa. 296; *Himes v. Barnitz*, 8 W. 39; *Carman v. Noble*, 9 Pa. 366; *Hancock's Appeal*, 34 Pa. 155; *Kramer & Rahm's Appeal*, 37 Pa. 71.†) A debtor once gave to his acceptor a judgment to secure him for his acceptances. By indorsement these passed to three firms, and a portion was unpaid. To two of the firms a portion of the judgment was assigned by the holder as collateral security for the acceptances held by them. It was decided that the security of the judgment attached alike to all of the unpaid acceptances. (*Kramer & Rahm's Appeal*, 37 Pa. 71.†)

A surety cannot maintain a common-law action against his principal until he has suffered actual damage, and can then recover only for the money actually paid. (*Commonwealth v. Morrow*, 31

* In an action by a surety to recover on an agreement to indemnify him, it is immaterial to show that satisfaction could be had from the principal, when there has been a recovery from the surety. *Carman v. Noble*, 9 Pa. 366.

† When a bond or judgment is conditional not only to indemnify the surety but to discharge the indebtedness, the surety holds the same in trust for the creditor, who can enforce it as a security for the principal debt, notwithstanding he was not a party to the contract, or did not know of the security at the time it was taken, and notwithstanding the fact that the surety or indorser became discharged from liability and could not enforce it in his own right. *Fenner v. Fenner*, 10 Kulp 295. Again, when the principal debtor gives to his surety a bond or judgment, though to indemnify and save him harmless merely, the creditor is at once entitled in equity to avail himself of such indemnifying security for the recovery of his money, and until the liability of the surety has become fixed in law, the creditor has such an equitable title to or lien on such indemnifying security as will give him standing in a court of equity to restrain the surety from diverting it to any other use except the indemnifying of himself and the securing of the principal debt; and any assignee of the security with knowledge, would take it subject to the equitable lien or title of the creditor. *Id.* But if the bond or judgment is conditional for the indemnity merely of the surety, who in law was never bound, or who, as an indorser, for example, has been discharged from liability by reason of the failure to demand payment of the note and to give him notice of its non-payment, so that he could never be required by law to pay the debt, would fulfill the condition of the bond or judgment, and which, therefore, could not be enforced against the debtor's protest, either by the surety or the creditor. *Id.* Thus, a judgment was given by a principal debtor to secure his indorser. The indorser was discharged from liability by a failure to protect his note. He assigned the judgment to the creditor for the purpose of securing the debt. The debtor subsequently knew of the assignment, and made no objection to it for two or three years, but admitted his liability to pay it. It was held that he could not withdraw his assent fairly to be implied from his acts and declarations, and ask to have the judgment opened. *Id.*

Pitts. L. J. 359.) But when his liability has become fixed by the recovery of a judgment against him, he need not pay it before proceeding on a bond given to indemnify him. (*Ib.*) And in equity a surety is entitled to a decree of indemnity against his principal before actual payment by him. (*Heritage v. Bartlett*, 8 W. N. 26.)

Again, a surety may avail himself of a judgment given to him as an indemnity against the consequence of his suretyship, before he has been obliged to pay, for the purpose of compelling the payment of the money by the principal. And on the sale of the real estate of the principal, before the surety is at all damnified, on his assignment of the judgment to the creditor of both, he will be entitled to have the money paid to him thereon. (*Bank v. Douglass*, 4 Watts 95.*) And if after judgments are obtained against a principal and surety a third person interferes and gives his note for the debt to obtain a stay of execution for the principal, and the surety is afterwards obliged to pay the debt, he is entitled to have an assignment of the judgment on the note of the third person to indemnify him for the payment. (*Pott v. Nathans*, 1 W. & S. 155; *Burns v. Huntingdon Bank*, 1 Pa. 395; see *Commonwealth v. Haas*, 16 S. & R. 252.†)

A person thus agreeing to indemnify another against the payment of a debt is entitled to notice of a suit against the principal. And if it is received, he may defend on this ground in an action on his contract of indemnity. (*Allen v. Gregg*, 22 W. N. 520.) He may also show, whenever this is the fact, that the claim is really his own by virtue of an assignment from the real owner. (*Ib.*)

When an insolvent claimant to the proceeds of a sheriff's sale of the property of his debtor has a prior execution, and he is also surety for a subsequent execution creditor of the same debtor, to whom shall the proceeds be appropriated? The courts have

* "Neither the bank nor the surety was bound to wait till the surety was actually prejudiced by the default of the principal. The principal was bound to keep the surety not only indemnified, but unmolested; and to this end the judgment given the latter was put into his hands as an instrument to extract payment from the funds of the principal debtor, and thus to compel him to do what he ought to do. Such is the principle of *Miller v. Howry*, 3 P. & W. 374; and such, too, is the principle of *Rosevert v. Mack*, 6 Johns. Ch. Rep. 281; in which a counter bond was treated as a debt provable under a commission; and this, too, like the present, in a process of distribution among creditors. The management of the means of indemnity thus put into the hands of the surety, might certainly be delegated to the creditor, to be used in accordance with its original purpose; and why should not the creditor, as well as the surety, have the benefit of it?" *Bank v. Douglass*, Gibson, Ch. J., 4 W. 96.

† In an action against a surety, an affidavit of defense is insufficient which merely sets up an agreement whereby the surety was to be released on transferring to the creditor a mortgage security given by the principal debtor to the surety for his own safety. *Allegheny Nat. Bank v. Rockwell*, 2 Lac. Jurist, 418.

clearly answered that the debtor for whom the claimant is surety. (*Worrall's Appeal*, 41 Pa. 524; *Himes v. Barnitz*, 8 W. 39; *Fourth National Bank's Appeal*, 123 Pa. 473.) As Mr. Justice Woodward remarked in *Worrall's Appeal*, "It would be inequitable to permit a joint debtor who is insolvent to divert a fund from a creditor to whom he owes it into his own irresponsible pocket."

If an agent borrows money for his principal and procures another to become surety, who pays the debt, the principal is answerable to the surety. (*Mundorff v. Wickersham*, 63 Pa. 87; *Keogh v. Leslie*, 92 Pa. 424.) And if the secretary of an association has induced a person to become a surety on a promissory note, it cannot repudiate the secretary's authority to make the representations he did and yet retain the benefit of them. (*Jones v. National Building Association*, 94 Pa. 215.) This is in harmony with the principle that a person or corporation cannot have the benefits of an agent's act and repudiate the act itself. (*Musser v. Hyde*, 2 W. & S. 314; *Hunt v. Moore*, 2 Pa. 105; *Mundorff v. Wickersham*, 63 Pa. 87; *Keogh v. Leslie*, 92 Pa. 424.)

A surety is entitled to reimbursement of the money which he has been obliged to pay for his principal with interest; but he cannot speculate on his principal, and by compromising with his creditors for less than their debts, and by taking an assignment of them, compel the principal to pay to him the whole amounts. Nor can he, if he has unnecessarily incurred expense in resisting the claim of a creditor, compel the principal to reimburse him, even when the engagement is to indemnify the surety and keep him harmless. (*Wyn Adm. v. Brooke*, 5 R. 105.)

The effect of death and insolvency of the several parties will next be considered. Formerly the death of a joint debtor released his estate from liability (*Bowman's Adm. v. Kistler*, 33 Pa. 110; *Pecker v. Julius*, 2 Brown 31; *Weaver v. Shryock*, 6 S. & R. 262; s. p. *Kennedy v. Carpenter*, 2 Wh. 344), but in 1848 the legislature enacted that the death of a co-promisor, co-partner, joint or several obligor should not discharge his estate. (*Purdon's Dig.*, p. 827, § 39.) The death, therefore, of a surety after his obligation has become absolute does not discharge his estate. (*Commonwealth v. Smith*, 3 Leg. & Ins. Rep. 10; *Bowman v. Kistler*, 33 Pa. 106; *Kellar's Estate*, 1 Leg. Chron. 189; *Busch's Estate*, 35 Leg. Int. 90.)

[TO BE CONTINUED.]

MR. SPRINGER ON BANKING.

The Hon. William M. Springer, in reporting a bill for the repeal of the ten per cent. tax on State bank circulation, made an elaborate speech, in which various systems of banking in this country and abroad were described, the authority of the National Government to issue currency, and other questions of great interest. The speech is the fruit of much study, and a large portion is now put before our readers.

An examination of the banking and currency systems of the principal nations of the world is of great interest, but I have been unable to find in any of them a precedent for the system we now have in this country or a policy which seems adapted to our conditions and interests.

THE BANK OF FRANCE

is a gigantic monopoly. The stock is owned by private individuals, but the management is under the control of Government agents. It is to all intents and purposes a Government bank, and many of the fiscal operations of the Government are performed by it. All circulating notes in France are issued by the Bank of France. It has the exclusive privilege of issuing notes to circulate as money. Its capital stock is estimated at this time at 182,500,000 francs, or \$36,500,000.

The situation of the bank September 30, 1893, was as follows: Gold, \$339,160,000; silver, \$254,000,000. The total coin being \$593,260,000, and the circulating notes outstanding amounted to \$693,560,000. It was founded in 1800, and twice since that time it has been compelled to suspend specie payment on its notes. During the revolutionary period between 1848 and 1850 the first suspension took place. It began March, 1848, and extended until June, 1850. The notes of the bank were made a legal tender, without specie redemption, and thus became a kind of forced loan.

In 1870, during the Franco-Prussian war, there was another suspension, and the notes were again made a legal tender. The approach of the war caused a heavy demand for specie and large amounts of coin began to be hoarded or were sent abroad. Suspension and the legal tender provision undoubtedly saved the bank from ruin on both these occasions. If we take into consideration the monopolistic features of the Bank of France, the intimate connection and even partnership between the bank and the Government, it will be seen at once that its theory and management furnish no precedent for our guidance in this country in our efforts to provide a safe and ample currency for our people.

THE REICHSBANK OF GERMANY.

The establishment of the German Empire in 1871 was followed by the overthrow of the system of local currency which was provided by the several German States. A currency of imperial treasury notes was provided, convertible into gold upon demand at the treasury, but not a legal tender. A portion of this imperial currency was distributed among the several States to be used by them in taking up their local issues. The new system required the establishment of a central bank, to be under the immediate supervision and direction of the Imperial Government, and the subjection of all other banks of issue to a uniform set of regulations and also to imperial supervision. (The Theory and History of Banking, Dunbar, page 189.) The note issues not covered by

coin are limited to \$74,000,000; but the bank may exceed this limit by paying a tax of 5 per cent. per annum on the excess of notes which may be issued.

The tax upon issues in excess of the established limit applies to all banks in Germany, and this feature of the German system is peculiar. It is not found elsewhere in banking systems. It has several times been called into practical operation. From 1881 to 1889 there were as many as nine occasions when the limit was exceeded. On several occasions this elastic feature averted what might have been a disastrous stringency of the currency. The Reichsbank has two hundred and forty branches and its note issues cover five-sixths of all the paper currency in the Empire. The ownership of the bank is private, but the management is controlled by Government agents. This renders it unnecessary for special securities to be deposited to secure the notes. It is practically a Government bank, and the credit of the notes is maintained by their strict convertibility and the knowledge of Government control.

The Reichsbank and the nine independent banks which issue circulating notes had in 1892 an aggregate paper circulation amounting to \$298,500,000, expressed in our money, of which about \$30,000,000 were in bills of 5, 20 and 50 marks. The coin on deposit amounted to \$254,250,000. Thus it seems that the coin remained in the banks, while the paper currency was in circulation, doing the business of the country. The Reichsbank, in many of its features, was patterned after the Bank of England. There was a Government circulation of about \$30,000,000 of imperial treasury notes, similar to our greenbacks, outstanding March 31, 1892.

THE BANK OF ENGLAND.

When first established, in 1694, the Bank of England issued circulating notes without Governmental control or supervision, the same as is done in Scotland. But by the bank-charter act of 1844 its circulating notes are secured by a deposit of Government bonds and gold coin. This act was intended to make the circulating notes of the Bank of England perfectly secure under all circumstances and all conditions. The act provided for the division of the bank into two departments, the issue department and the banking department. The issue department has exclusive control of the issue of circulating notes.

The condition of the issue department of the Bank of England, 1893, is given in the *Statesman's Year Book*, page 95, as follows:

Notes issued.....	£38,955,000 or \$194,775,000
Securities.....	16,450,000 or 82,250,000
Bullion.....	22,505,000 or 112,525,000

The securities are English consols and the bullion is gold. The issue department—that is, the power to issue circulating notes—is completely separated, as stated by Mr. Price, from the banking business, thus showing that the two functions—banking and note issuing, do not necessarily have any connection with each other.

Bonamy Price, Professor of Political Economy in the University of Oxford, in his work on the Principles of Currency, page 137, speaking on this point, says:

"That statute [the act of 1844] erected a self-acting piece of machinery, which virtually took away from the Bank of England the issue of those notes which still bear its name. The directors of the Bank of England no longer issue notes. Its directors have nothing whatever to do with the Bank of England notes.

"The act of 1844 has lodged the power of issuing notes in a special organ or institution which has been most inaccurately and most unfor-

unately styled 'The Issue Department of the Bank of England.' It is not a department of the bank in any sense. It is a self-acting institution of the State, working on the bank's premises, and directed by rules laid down by the State, and absolutely beyond the control of the bank directors. In their own room, in the parlor of what is called their own department of issue, the directors have no more power or influence than any other man in the country who has a Bank of England note in his hand. This Government office issues the notes."

The banking department is charged with the ordinary functions of banking. It receives deposits, discounts commercial paper, buys and sells exchange, and is in all respects a mere banking institution. In all dealings with each other the two departments are as separate and distinct as if they were located in different buildings and managed by officials of different corporations.

The bank-charter act of 1844 limited the amount of notes to be issued on Government securities to £14,000,000. But by a provision in reference to country banks, if they went into liquidation or discontinued the issue of notes, the Bank of England could add to this limit the amount of notes which were relinquished. Under this provision the bank may now issue notes on Government securities to the amount of £16,450,000, or \$82,250,000. All issues of circulating notes above this amount can only be made upon a deposit of gold, pound for pound or dollar for dollar. As the smallest denomination of notes issued is for \$25 of our money, the paper circulation is not as large as it would be if smaller notes were issued.

The entire paper circulation of the Bank of England is less than \$200,000,000, or just about the same amount as our National bank currency.

The distinctive feature of the Bank of England notes is that they are secured by a deposit of gold and of Government securities. They are convertible into gold coin on demand, and when redeemed the note is immediately canceled, the same as if it were a private check. These notes are current all over the world, and they sell at a premium in all remote parts, just as exchange on London does. Since the passage of the bank-charter act of 1844 there never has been a moment when the convertibility into coin of the Bank of England notes was doubted.

Fifty years of practical experience have established forever the perfect solvency and safety of these notes. They have survived financial crises, foreign wars, and internal strifes. No financial or political conditions have shaken public confidence in them. A currency which has proved safe for so many years and under so many conditions, must be bottomed upon a firm foundation. That foundation is coin and Government securities.

The Bank of England is not a Government institution. Its notes are a legal tender in the payment of debts. It is a depository of Government funds, keeps a registry of the public debt, and pays the interest thereon. But its stock is owned by private individuals, and its management is by a private corporation. There are twenty-four directors, a portion of whom are elected annually. There is also a governor and a deputy governor.

The management has generally been conservative, but it was compelled to suspend specie payments from 1797 to 1821, a period of twenty-four years, during which time it reaped a rich harvest by the issue of irredeemable paper. In 1825 it was on the point of failure, and in 1839 it was compelled to obtain assistance from the Bank of France. Since 1840 the stock has not sold for less than 156 per cent., and it is now above 300. In December, 1893, its capital was \$88,500,000, its deposits were \$169,490,000, its securities were \$182,500,000, and its reserve in notes was \$67,500,000 and in coin \$9,915,000.

As a banking institution the Bank of England is a powerful factor in all financial affairs. As London is the financial center, the Bank of England is the banking center of the world. It may be well adapted to the Government and people of England, but there is no room for such an institution in this country or under our institutions. In this country it would be regarded as a gigantic monopoly. It would be a constant menace to our financial freedom, an object of partisan attack, and a cause of popular strife.

I might review the banking and currency systems of other countries, but time will not permit. Suffice it to say that there is in most of them an element of favoritism, of monopoly, and of Government and individual partnership. None of their systems are suited to a country like ours. The separation of the issuing of notes from the banking business proper and the depositing of coin and Government bonds as security for circulation, as in the Bank of England, and the elastic features found in the Reichsbank of Germany, furnish the chief features of foreign systems, which are worthy of imitation in this country.

THE NATIONAL BANKS.

The National banking system of this country has proven utterly inadequate to furnish currency for the people, and it has proven ineffectual to furnish an elastic currency. We have now only about \$200,000,000 of bank notes in circulation, and the circulation has been as high as \$350,000,000, and is continually getting smaller, and the elasticity which was intended to be accomplished by the National banking act did not prove effectual at a time when elasticity was needed. The basis upon which National bank currency is secured is so ineffectual as to make it impossible for the banks to exist much longer under that system, or for the circulation to be increased much more than we now have. The bonds of the United States, which alone can be used as security, will soon be due, and may be paid soon thereafter. So that the present system of National banks, so far as providing a currency for the people of this country adequate in volume, and sufficiently elastic to meet the demands of the trade, has failed, and we must provide something else; we must go a step further. But that step must be forward, not backward. Under no circumstances should we return to the system of State bank circulation, which prevailed before the war.

STATE BANK CIRCULATION.

If there were no other reason for opposing a circulating medium issued by State banks, the argument of inconvenience ought to be sufficient. There are now forty-four States in the Union, and four more undoubtedly will be admitted in the near future. Each of these States would have different laws regulating the organization of banks and providing security for the circulating notes. There are over nine thousand banks in the United States at this time. Assuming that all of the States would avail themselves ultimately of the right to incorporate State banks, having authority to issue circulating notes, and that all existing banks would avail themselves of such authority, the different kinds of notes which would be put in circulation and their number, would be confusing and embarrassing in the extreme to all those engaged in active business.

There would be also a great incentive offered to counterfeiters, and their spurious reproductions would make confusion worse confounded. It is frequently stated by the friends of State bank circulation that the notes of State banks would stay at home. The history of this country, previous to the suppression of State bank issues by an act of Congress,

does not justify this assertion. It was the object of bank officials to put their notes in circulation at points as remote as possible from the bank, so that the probabilities of their presentation for payment would be as remote as they could possibly make them.

During the reign of State bank issues there were more than two thousand different kinds of notes in circulation, and it was next to impossible for merchants and bank officials to detect counterfeits and to ascertain the value of notes which were presented. Each clerk in a store or a bank was provided with what was called a Bank Note Reporter, as large a volume as an official railway guide, and bills of strange and unheard-of banks were subjected to careful scrutiny by comparison with the Bank Note Reporter, to ascertain whether there were such a bank in existence, and if so, what kind of notes it issued and what was the probability of the bank's solvency.

The uniformity as to denominations of notes and certainty as to their authenticity would be impossible under State systems of bank issues. I believe that if State bank notes issuing from forty-eight States in the Union were in circulation, that the confusion and uncertainty would be so great in all lines of trade as to require a very large increase in the clerical force of all the business houses of the country. Hence, I insist that the argument of inconvenience as applied to State bank currency is sufficient of itself to justify Congress in prohibiting State bank issues.

I am indebted to Mr. William Ridgely, President of the Ridgely National Bank, of Springfield, Ill., for a rare collection of several hundred specimens of State bank notes, which circulated in Illinois before the war. There are many counterfeits among them, and all of them were unredeemed, and were a total loss to the bill holder. This list proves the truth of the statement I have already made, namely, that the notes of banks in other States constituted the chief stock of currency in that State.

THE STATE BANKS OF THE PAST.

The history of State bank issues in this country is such as to admonish us of the danger of returning to that system. We have no reason to assume that the several States would furnish any better banking systems now than they did before the war. It was Patrick Henry who said that he had no lamp by which to guide his steps except the lamp of experience. Certainly the experience of the past in reference to State bank circulation is such as to prevent any possibility of return to it. Congress has made several attempts in the past to remedy the evils of State bank issues by the establishment of a National bank. But the Bank of the United States, although a great improvement on the State banks of issue, failed to meet public expectation or to furnish a sufficient guaranty for the transaction of the business of the people.

Mr. John Jay Knox, late Comptroller of the Currency, in his annual report to Congress in 1876, reviewed exhaustively the history of State banks in this country. I am indebted to his report for many of the facts to which I desire now to call the attention of the House and of the country.

In September, 1814, all State banks which were located south and west of New England suspended specie payments. Nearly all of these banks had been selected as depositories of Government funds. Great distress resulted to the country from the depreciation of the currency and the failure of banks, which continued through the years 1818, 1819 and 1820. On October 14, 1814, in a report to Congress, Mr. Alexander J. Dallas, Secretary of the Treasury under Mr. Madison, said :

"The multiplication of State banks in the several States has so in-

creased the quantity of currency that it is difficult to calculate its amount, and still more difficult to ascertain its value. There exists at this time no adequate circulating medium common to the citizens of the United States. The moneyed transactions of private life are at a stand, and the fiscal operations of the Government labor with extreme inconvenience."

He recommended as a remedy for this the organization of a National bank. The loans which the Government was compelled to make to carry on the war of 1812 were received in irredeemable paper, issued by irresponsible institutions, and were at a heavy discount. The depreciation in the local currency at the close of the war ranged as high as 20 and even 25 per cent., and Government supplies were obtained at a proportionate rise in price.

"Such were some of the results," said Mr. Knox, "of a State bank system during the period that followed the expiration of the charter of the bank on March 4, 1811, and until its re-establishment on January 17, 1817." It was the utter failure of State bank currency to meet the wants of trade that caused Congress to pass a bill to recharter the National bank in 1815, which bill was vetoed by President Madison. In his veto message he said :

"Waiving the question of constitutional authority . . . the proposed bank does not appear to be calculated to answer the purpose of reviving the public credit, or provide a National medium of circulation, of aiding the Treasury by facilitating the indispensable anticipations of the revenue, and by affording to the public more durable loans."

The failure, as Mr. Madison held, of the proposed bank "to provide a National medium of circulation" was one of the strongest reasons for the veto of the bill, and shows conclusively that it is the duty of Congress now to provide a National medium of circulation which will meet the wants of trade in this country. The bill was afterwards, in 1816, passed, was approved by President Madison, and became a law. The bank went into operation January 7, 1817, at the very worst stage of the monetary troubles, which began with the suspension of specie payments in 1814, and continued until the general crash of 1819-'20. The contraction of the circulation and the general failure of the State banks began in 1818. In 1819 the financial affairs of the country were in a wretched condition. The currency was greatly depreciated. There were many failures of State banks, private corporations and individuals. The agitation of the United States bank question, which involved the general subject of the currency, was renewed by President Jackson in his message to Congress December, 1829. In 1832 he vetoed a bill for rechartering the bank. The State banks which were selected as depositories of the large revenues of the Treasury, expanded their issues, and other banks, old and new, went wild in a general inflation of the circulation. The credit of State bank circulation rose from \$61,000,000 in 1830 to \$149,000,000 in 1837. In 1830 there was a comparative calm upon the hitherto troubled sea of finance. In March of that year the Finance Committee of the Senate reported :—"that they were satisfied that the country was in the enjoyment of a uniform National currency, not only sound and uniform in itself, but perfectly adapted to all the purposes of the Government and the community, and more sound and uniform than that possessed by any other country."

How little the committee knew of what was in store for the country is indicated by subsequent events. Seven years after this all the banks then in operation, including the United States Bank of Pennsylvania, went into suspension as if by common consent. The banks of New York and New England having received importations of specie from

abroad, resumed specie payments in May, 1838. Other banks resumed later, but from the time when the Senate committee so highly commended the banks a period of twelve years of vicious fluctuation and depreciation of the currency elapsed before the banks again settled into what was called a state of regularity. During this period they reduced their circulation from \$140,000,000 in 1837 to \$58,000,000 in 1843.

IN MASSACHUSETTS.

The State of Massachusetts has been referred to frequently as one in which safe State banking was instituted, and of all the States in the Union, with possibly the exception of New York, Massachusetts has the best record on this subject; but the currency in that State at times became greatly deranged, and notes as small as 25 cents were largely in circulation. Many of the New England banks failed during the crisis of 1808 and 1809, but those of Massachusetts, by constantly contracting their issues, mainly escaped. The discount in Boston on New England bank notes ranged in 1809 from 10 to 60 per cent., and many of them were at a discount of 50 per cent. or more. To remedy this evil, what is known as the Suffolk bank system was established.

This system required the assorting and returning of the notes of State banks to the banks which issued them, and required the New England banks to redeem their notes at par in Boston. This system was so skillfully and efficiently managed that the banks of Massachusetts maintained their integrity as a rule, but in 1837 of the 134 banks in existence no less than 32 had either failed or had forfeited or surrendered their charters in consequence of the financial panic of that year. The losses of these failed banks amounted to 30 per cent. of the entire indebtedness.

IN NEW YORK.

In the State of New York the system of State banking was, as a rule, admirably managed, but the operation of the system was not free from disaster and grave suspicions of corruption. In 1841-'42 eleven of the safety-fund banks failed, with an aggregate capital of \$3,000,000. The safety-fund provision was regarded as a peculiar and valuable feature of banking in the State of New York. A free banking system was established in that State in 1838. The law provided that the security deposited should be stocks of the State of New York or of the United States, or of any State's stock which should be equal to a 5-per cent. stock, or bonds or mortgages on productive real estate.

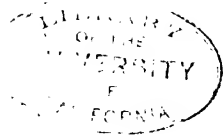
Previous to the year 1843, twenty-nine of these banks with an aggregate circulation of \$1,233,000 had failed, entailing a loss of over \$600,000. The avails of the securities were sufficient to pay but 74 per cent. of the circulation alone.

IN OHIO.

In the State of Ohio in 1856, thirty-six out of sixty-five banks of the State failed, their notes being entirely worthless, while eighteen others were in process of liquidation, their notes being quoted at 50 to 75 cents on the dollar. These banks were organized under the free-banking law of the State, and did not include the State Bank of Ohio.

IN INDIANA.

In 1834 the State Bank of Indiana was incorporated with ten branches, the State taking \$1,000,000 worth of the stock, and loaned its credit to individual stockholders to the extent of one-half the stock subscribed by them, taking security therefor in real estate mortgages. This bank began its business at a time when the finances of the country were in a terrible condition. It was the beginning of the era of speculation which



nearly bankrupted the whole nation, and culminated in the catastrophe of 1837. During this crisis nearly every bank in the Southern and Western States failed, with the exception of the State Bank of Indiana. A large number of the banks of the Eastern States were totally ruined, but the Bank of the State of Indiana paid dividends averaging from 12 to 14 per cent. annually, and returned to the stockholders nearly double the original investment, but the bank was the only one of the numerous enterprises in which the State embarked that did not prove an almost total failure.

The banks of Indiana suspended specie payments in 1838 and resumed in 1841. In May, 1852, a general bank law was passed which provided that United States stock or stocks of the several States should be deposited with the auditor as security for circulating notes. In October, 1854, there were 84 of these banks. In 1856 of the 94 free banks then in existence, 51 had suspended and their notes were selling at from 25 to 75 per cent. in Cincinnati.

IN ILLINOIS.

In 1821 the State Bank of Illinois was chartered, which was owned by the State and managed by the Legislature. The capital was fixed at \$500,000, and five branch banks were provided for. The notes were received for taxes and all debts due to the State or to the bank. These notes were soon after quoted at 75 cents on the dollar, afterwards at 50 cents, and finally at 25 cents, when they ceased to circulate altogether. Members of the Legislature were compelled to receive their compensation in depreciated currency at its market value, which the State was compelled to redeem at par. In 1835 a new bank was incorporated with a capital of \$1,500,000, subsequently increased to \$2,000,000, the whole of which stock was subsequently subscribed for by the State; but the bank failed in 1842, and was put in liquidation in 1843 by an act of the Legislature, and the circulating notes, amounting to \$3,000,000, were worth comparatively nothing. In 1850-'51 a general banking law similar to the free banking law of Indiana was passed.

In 1857 the circulation amounted to \$5,500,000, secured by bonds of the various States, and in 1860 it reached \$12,320,000, which was the high-water mark of circulation in Illinois under the general banking system. The banks organized under this system succeeded fairly well in peaceful and prosperous times; but in 1861 the approaching civil war caused a heavy decline in the State bonds, which had been deposited as security for the circulating notes, the decline in some cases being as great as 50 per cent., and this was followed by a depreciation of the circulating notes.

New York Exchange was at a large premium. The depreciated bank notes were bought up by local bankers and brokers, at a heavy loss to the bill holders, but the speculators exchanged the notes in large blocks for the bonds which had been deposited with the State auditor. In December, 1862, only seventeen banks had survived the crisis, and the other ninety-three were in process of liquidation. Their circulation had been reduced from \$12,000,000 to a half million dollars. The actual loss to the bill holders can never be known, but the experience was a sad one, and the people of that State will never consent to return to a system of State bank currency.

IN MICHIGAN.

In March, 1837, the State of Michigan passed an act to authorize free banking in that State. At first it was very popular and received the enthusiastic approval of the people, as well as of the speculators who

had secured its passage. But the rejoicing of the people was of short duration. Their last estate was worse than the first. Gross frauds characterized the organization and management of the banks. Many banks were organized and located in remote and inaccessible places. Before a year had elapsed the crisis came. One after another of the banks succumbed to the storm, and in 1839 only three chartered banks and four organized under the general law had survived; and all soon went out of existence. The notes of all the banks were greatly depreciated and most of them were never redeemed. The loss to the people was over a million dollars, which at that time, was very great, as the population was then small.

IN GEORGIA.

Mr. George R. De Saussure, a prominent banker of Atlanta, Ga., delivered an address on banking in that State before the World's Congress of Bankers at Chicago during the Columbian Exposition. He said that prior to the suppression of State bank circulation "the powers exercised by the banks in issuing their paper promises to pay against a supposed deposit of specie, in proportion of 3 to 1, was a continued menace to the welfare of the State and the integrity of her legislation." In 1857 Governor Joseph E. Brown, afterwards United States Senator, branded banking in Georgia as a "legalized system of speculation, oppression and wrong." Mr. De Saussure does not advise a return to the policy of State bank circulation, but concludes by saying that "if Congress will pass such laws as will provide through the State banks a National currency, which will be sound, uniform and elastic, the future of banking in Georgia will be bright indeed."

IN ALABAMA.

The history of State banks of issue in Alabama was one of speculation, fraud, official corruption and general demoralization of the finances. John W. Du Bose, the biographer of William L. Yancey, referring to the efforts of that distinguished citizen of Alabama in behalf of bank reform, said:

"The banks, being creations of the Legislature, soon learned to corrupt the Legislature, the better to perpetuate their own power."

The Legislature elected the bank officials. At the session of 1840-'41 a report was prepared by the Legislature showing that forty-five Whig members and Whig bank directors owed the banks of the State \$572,596, and that forty-three Democrats, members of the Legislature and bank directors, owed them \$149,312. It seems that Democrats were not as high priced as were the Whigs. A public meeting met at Wetumpka June 21, 1841, to consider measures of relief from "a spirit of speculation and fraud abroad in the land which is destined, unless speedily arrested, to destroy the banks and bankrupt the people." Mr. Du Bose further said, referring to the condition in 1842:

"At the end of the last session . . . there were five banking establishments left under the control of the Legislature, with five presidents and ten directors, eleven clerks and a corps of attorneys, agents and servants, whose aggregate salaries were only a little below the total expenses of the State Government. . . . There was no standard of value on which to base a contract; a traveler by the stage coach could not foretell what discount would be exacted on his bills at the breakfast house. The most startling fluctuations took place from day to day or from week to week in the value of the money of the people, for which they were wholly unable to account."—*Life and Times of Yancey*, pages 117-122.

It is due to Alabama to state that the bank reform party finally

triumphed, order was brought out of chaos, and the honor of the State was saved. But the citizens of that State who lived in the "good old days" of the stage coach and depreciated State bank currency, will never desire to return to the conditions which then existed. The total loss to the State, principal and interest, on account of the State banks, up to June, 1891, is estimated at over \$31,000,000. Governor Jones, in a recent speech, said that the annual tax for interest now being paid amounted to \$362,000, or nearly \$1,000 a day.

Niles' Register of January 25, 1840, states that by a then recent report of the bank commissioner of Alabama it was shown that the aggregate loss by insolvencies and defalcation of one of the agents of the Bank of Alabama fell but little short of \$5,000,000.

IN KENTUCKY.

In 1804 the Bank of Kentucky was incorporated, and forty new banks were incorporated in 1817, but no provision was made for the redemption of their notes in specie. They issued large amounts of circulating notes, and many of them failed during the first year of their establishment. The Legislature in 1820 chartered the Bank of the Commonwealth of Kentucky, with a capital of \$3,000,000, pledging the public faith for the redemption of its circulation, but the notes soon became worth but 50 cents on the dollar. In 1834 the Bank of Kentucky, with a capital of \$5,000,000, was established, and the Northern Bank of Kentucky and the Bank of Louisville, having a respective capital stock of \$3,000,000 and \$5,000,000. All of these banks suspended payment in 1837 and resumed in 1842. Twenty-seven Kentucky banks failed in 1854, but in 1856 there were thirty-four banks and branches still in operation in the State, having a capital of \$11,700,000, and a circulation of over \$13,000,000.

IN TENNESSEE.

In 1807 the Nashville Bank was incorporated in Tennessee. Several branches were also established, which were subsequently closed with loss to all parties. The Bank of the State of Tennessee, located at Knoxville, was chartered in 1811. Other branches were subsequently organized. In 1820 the State Bank of Tennessee, at Nashville, was incorporated with a capital of \$1,000,000. State funds were to be deposited in this bank. The proceeds of certain lands and other funds were pledged for the redemption of the circulation, which was guaranteed by the State and which was issued to the amount of \$1,000,000, but it was soon at a discount of 10 per cent. below the value of United States bank notes. The bank was finally closed in 1832 with considerable loss to the State. Gen. Jackson addressed to the Legislature a memorial at this time declaring the banks to be in violation of the Constitution of the United States.

Senator White, of Tennessee, in a speech in the Senate March 24, 1838, said that—

"In 1820 there were two State banks in operation in Tennessee having the same name, and that laws were passed to force into circulation paper money and to prevent levies of execution, unless creditors would agree to receive irredeemable bank paper."

The Farmers and Merchants' Bank of Memphis was incorporated in 1845, with a capital of \$600,000, but it failed in 1847 with heavy losses to the bill holders.

IN MISSISSIPPI.

In 1830 the Planters' Bank of Mississippi was chartered with a capital of \$3,000,000, of which amount the State subsequently subscribed two-

thirds and issued \$2,000,000 of State bonds in payment thereof. The State transferred its stock to the Mississippi Railroad Company in 1839, but most of the large sinking fund was subsequently lost. In 1837 the number of banks in Mississippi had increased to eighteen, with an aggregate capital of about \$13,000,000, more than \$5,000,000 of circulation and more than \$24,000,000 of loans. In 1838 the Mississippi Union Bank was chartered with a capital of \$15,500,000. The State authorized the issue of \$15,000,000 in 5 per cent. bonds, to be loaned to the bank, for the payment of which the faith of the State was pledged. Five million dollars in these bonds were issued to the bank in 1838, and an equal amount in 1839.

These transactions on the part of the State resulted most disastrously. The bonds issued by the State to the Mississippi Union Bank to the amount of \$5,000,000, and the \$2,000,000 of bonds issued to the Planters' Bank of Mississippi, were subsequently repudiated. The Governor of the State in 1840 issued a warning proclamation against any further negotiation of the bonds, and thus saved the State \$10,000,000 in bonds, which had been authorized to be issued, but which had not yet passed into the hands of innocent purchasers. His message presented a statement of the condition of the Union Bank at that date, exhibiting \$13,400,000 of suspended debt and unavailable assets, \$3,000,000 of circulation, and \$4,000,000 only of specie. Soon after followed his proclamation to the Legislature recommending the utter repudiation of the \$5,000,000 issue of bonds in 1838. The Legislature at first determined to pay the bonds and preserve her credit inviolate, but they have subsequently been repudiated and have never been paid. The \$2,000,000 of bonds issued to the Planters' Bank were not officially repudiated, but the people of the State in 1852 refused by a majority of 4,400 votes to authorize a tax to redeem them.

In 1858 there were only two banks in the State, having an aggregate circulation of less than \$170,000, and with less than \$50 in deposits. After eighteen years, since the bursting of the banking bubble, the people's confidence in State banks in Mississippi had not been restored.

The advocates of State bank issues should profit by the experience of Mississippi. The wild rage for State bank issues which prevailed in 1838 was so irresistible that the Legislature of a great State was induced to subscribe \$17,000,000 of its bonds to aid in the establishment of banks authorized to issue circulating notes. The faith of the State was pledged to redeem these bonds, but the bank ventures proved to be failures, and the State was forced to repudiate its solemn obligations. What temptations may this Congress throw out to the State Legislatures of this country if we repeal the 10 per cent. tax upon State banks? How many wild schemes of speculation will be inaugurated which may carry down hereafter individual fortunes and cast reflections even upon the honor of the States themselves?

STATE BANK FAILURES.

Summing up the failures of State banks, Mr. Gallatin, in 1831, referring to the condition of the banks in the early days of the Republic, said:

"We have an account of 165 banks that failed between the 1st of January, 1811, and the 1st of July, 1830. The capital of 129 of these amounted to more than \$24,000,000, stated as having been paid in. The whole amount may be estimated at near \$30,000,000, and our list may not be complete. . . . On a total capital of \$140,000,000, the failures have amounted to \$30,000,000, or more than one-fifth of the whole. Of the actual loss incurred we can give no account."

But he adds that it fell exclusively on the holders of bank notes and depositors. How many of such banks failed after that period, and the losses which were entailed upon bill holders from the failures of State banks, it is impossible to estimate. In fact, there are no data at this time which furnish this information.

FLUCTUATION AND DEPRECIATION.

During the era of State bank circulation under the most favorable conditions, the notes of banks outside of New York City were quoted at a discount in that city of from one-fourth of 1 per cent. to 2 per cent., according to location of the banks.

Thompson's Bank Note Reporter for December 26, 1857, contains a list of broken, closed, and worthless State banks, which aggregated over 750. Of these there were about 130 in New York, 56 in Massachusetts, 68 in Indiana, and 64 in Ohio. The discount in New York City on State bank notes of that time was as follows: Pennsylvania, 2 to 40 per cent.; Maryland, 4 to 5; Virginia, 6; North Carolina, 8; South Carolina, 4; Georgia, 3, 4 and 10; Alabama, 3; Louisiana, $2\frac{1}{2}$; Ohio, $2\frac{1}{2}$; Indiana State Bank, $2\frac{1}{2}$; others, 4; Illinois, $6\frac{1}{2}$; Tennessee, 9, 25 and 50; Missouri, $2\frac{1}{2}$, and Wisconsin, $6\frac{1}{2}$. And on October 3, 1857, Illinois bank notes were quoted in New York at a discount of 10 per cent.; State Bank of Indiana, 5, and other banks of that State, 10; Ohio, 4; Kentucky, 4; Tennessee, 5; Missouri, 4; Wisconsin, 10; Georgia, 3; Louisiana, 4; Virginia, North Carolina and South Carolina, 3.

Mr. Turner—My friend from Illinois, if he will permit me, knows that that is the year in which the panic occurred, and during which period all of the banks suspended payment.

Mr. Springer—I assumed that fact was understood.

Mr. Hopkins, of Illinois—I would suggest that in the panic of 1893 the present money did not depreciate in the markets.

Mr. Boatner—But it was worth a considerable premium.

Mr. Springer—I refer to the panic of 1857 and to the general condition of the banks at that period, and the value of their circulating medium, simply to show that when the stress came the banks went down.

Mr. Boatner—Under similar circumstances in the present panic, did not all of the banks suspend payment?

Mr. Springer—Yes; but the currency remained sound and unshaken.

One of the most embarrassing features of a diversified State bank currency is that the notes are continually fluctuating, and all business interests are in doubt as to the prices which can safely be paid for all purchases and in all investments. Produce of every kind is subject to constant fluctuations, and producers are always the victims of an unsound or depreciated currency.

STATE BANKING METHODS.

The loose and reckless manner in which State banks were established is thus forcibly stated by the Governor of Indiana in his message to the Legislature of that State in 1853:

"The speculator comes to Indianapolis with a bundle of bank notes in one hand and the stock in the other; in twenty-four hours he is on the way to some distant point of the Union to circulate what he denominates a legal currency authorized by the Legislature of Indiana. He has nominally located his bank in some remote part of the State, difficult of access, where he knows no banking facilities are required, and intends that his notes shall go into the hands of persons who will have no means of demanding their redemption."

Governor Ford, of New Jersey, in the same year, referred to the manner of establishing State banks of issue in that State. He says :

" In many cases our banks, although ostensibly located in New Jersey, have their whole business operations conducted by brokers in other States. The facility with which they may be organized and located, without reference to the wants of the community, or the business of the place, is destructive to all the legitimate ends of banking."

[TO BE CONTINUED.]

PAYMENT OF CHECKS.

COURT OF APPEALS OF MARYLAND.

Exchange Bank of Wheeling v. Sutton Bank.

Neither a check nor bill of exchange operates as an assignment *pro tanto* of the drawer's funds in the hands of the drawee.

An instrument drawn on a bank, directing the payment to a person named of a specified sum of money which is on deposit with the drawee, and naming no date of payment, is a check.

Where a check on itself is sent to a bank for collection, the bank becomes the agent of the person sending it, and is liable to the latter for damage caused by its failure to give notice to the drawer of non-payment.

A failure to notify the drawer of a check of non-payment does not discharge him from liability, unless he actually or presumptively suffers injury therefrom.

Where a check is sent by the payee to the bank on which it is drawn for collection, and the bank immediately fails, a transfer of a credit for the amount of the check from the drawer to the payee by the assignees of the bank does not constitute payment of the check.

PAGE, J.—This is an action of assumpsit upon a case stated for the opinion of the court, with a request to render a judgment in accordance therewith. The defendant below, being indebted to the plaintiff for certain collections made by the former on account of the latter, on the 9th day of January, 1892, mailed to the plaintiff the following instrument of writing, viz.: "The Sutton Bank. Sutton, W. Va., Jan. 9th, 1892. Pay to the order of J. J. Jones, Esq., Cash., \$936.50. Nine hundred and thirty-six dollars and fifty cents. T. M. Berry, Cashier. To J. J. Nicholson & Sons, Baltimore, Md." The plaintiff received it on the 13th following, and on the same day forwarded it by mail to the Nicholsons, with whom both parties kept accounts, indorsed as follows: "For collection and credit account of Exchange Bank, Jan. 13th, 1892. of Wheeling, W. Va. John J. Jones, Cash." On the morning of the 14th the paper was received by the Nicholsons, and was stuck upon a file where were generally placed the various checks drawn upon the house in the ordinary course of business. The defendant then had on deposit to its credit with the banking house a sum in excess of \$956.50. Later in the day, it was taken from the file, and entered to the debit of the defendant's account, but was not then entered as a credit to the account of the plaintiff. On the morning of the 14th, Nicholson & Sons were hopelessly insolvent, and about 1 o'clock of that day made an assignment to trustees, who, after they had taken possession, entered the check to the credit of the plaintiff; but at the time of the receipt of the check the Nicholsons did not have in their banking house the amount of the plaintiff's claim, in actual cash, nor at any time thereafter. The paper is now lost, and it is not known whether it was protested or not; but, if it was, no notice

thereof, or of the non-payment, was sent to or received by either the plaintiff or defendant. A demand was made by the plaintiff on the defendant for payment on the 7th of June, 1893, and until that day the defendant had no knowledge that it had not been paid. This was the only demand made on the defendant by any one.

It is not contended that the treatment of the paper by the Nicholsons or their trustees was tantamount to a payment. There was no credit given to the payees for the amount; and, under the circumstances of the case, until this was done there was no evidence that it had been accepted. Whether it be regarded as a bill of exchange or a check, it did not operate as an assignment *pro tanto* of the drawer's funds in the hands of the Nicholsons until it was accepted. (*Moses v. Bank*, 34 Md. 580.) So far as the plaintiff was concerned, there was no evidence that the Nicholsons had accepted the order upon them, and thereby agreed to become responsible to it for the amount. And apart from this, at the time the paper was drawn, and when received by the Nicholsons, they were hopelessly insolvent; and under such circumstances a transfer of credit from the defendant to the plaintiff would have been a mere delusion. After the assignment, they ceased to be a going concern, and neither the firm nor their trustees had the right to make a transfer of credit which was wholly worthless. (*Manufacturers' Nat. Bank v. Continental Bank*, 148 Mass. 553, 20 N. E. 193.) A check or bill is not a payment until paid (*Mason, Banks*, §§ 544, 546; *Lewis v. Brehme*, 33 Md. 412; *Insurance Co. v. Smith*, 6 Har. & J. 166), or unless it is accepted as such or the creditor parts with it, or is guilty of some laches by which injury inures to the drawer (*Glenn v. Smith*, 2 Gill & J. 509). In this case, therefore, unless it can be shown that the plaintiff has been guilty of some negligence whereby the defendant has been either actually or constructively injured, the paper having been lost, it was not improper to resort to the original cause of action (*Myers v. Smith*, 27 Md. 50).

What was the character of the paper offered in evidence? The appellee contends it is a bill of exchange. This court has stated in *Moses v. Bank*, 34 Md. 579, that "a check is denominated a species of inland bill of exchange—not with all the incidents of an ordinary bill of exchange, it is true—but still it belongs to that class and character of commercial paper." And in *Bull v. Bank*, 123 U. S. 105, 8 Sup. Ct. 62, in which an instrument of writing exactly similar to the one in this case was declared by the court to be a check, Judge Field, speaking for the whole court, says: "When an instrument is drawn upon a bank, or a person engaged in banking business, and simply directs the payment to a party of a specified sum of money, which is at the time on deposit with the drawee, without designating a future day of payment, the instrument is to be treated as a check. The chief points of difference are that a check is always drawn on a bank or banks; no days of grace are allowed, the drawer is not discharged by the laches of the holder in presenting it for payment, unless he can show that he has sustained some injury by the default, it is not due until payment is demanded," etc. (*MERCHANTS' Bank v. State Bank*, 10 Wall. 647; *Harker v. Anderson*, 21 Wend. 375; *Bank v. Bitzinger*, 118 Ill. 484, 8 N. E. 834; *Harrison v. Wright*, 100 Ind. 515; *Bank v. Coates*, 3 McCrary, 9, 8 Fed. 540; *Daniel*, Neg. Inst. § 1,566; *Story*, Prom. Notes, § 487; *Morse, Banks*, § 362.) We do not think what was said by this court in *Hawthorn v. State*, 56 Md. 534, is in conflict with the views here expressed. There, as well as in *Moses v. Bank*, *supra*, they held that a check was a species of bill of exchange—not with all the incidents of an ordinary bill of exchange, but belonging to that class and character of commercial paper; or, in other words, as was said by Cowan, J., in *Harker v. Anderson*, *supra*, the "bill is the

genus, and the check is the species." And therefore Hawthorn was within the terms of the statute which made it a felony to forge an indorsement on a bill of exchange. The instrument of writing in question in this case must therefore be treated as a check. On receipt of the check, the plaintiff, with reasonable promptness, forwarded it to the Nicholsons, indorsed: "For collection and credit account of Exchange Bank, Jan. 13th, 1892, of Wheeling, W. Va." Such an indorsement constituted them the agents of the plaintiff to collect and credit, and at the same time, as drawees of the check, they were also the agents of the drawers, to pay. The plaintiff was therefore responsible for any omission of duty on the part of the Nicholsons in their capacity as collectors. As collecting agents of the plaintiff, it was their duty to do whatever was necessary in respect to demand and notice to the drawer, and for any negligence in regard to this they would be liable to the plaintiff, and not the defendant, for such damages as might be occasioned by reason of their neglect. (*Montgomery County Bank v. Albany City Bank*, 7 N. Y. 459.) The evidence is clear that they did not transfer the credit for the amount of the note from the defendants to the plaintiffs. If they had done this, other questions would have to be considered here, upon which we are not now called to decide, and do not intimate our opinion, and the failure to make such transfer was equivalent to a refusal to accept and pay. Under such circumstances, it was their clear duty to give notice of the non-payment to the drawer, in order that the drawer might take any necessary steps to protect its interest; and if they failed to do so, and loss ensued by reason of such want of notice, it falls on the plaintiff, and not upon the drawer. A failure, however, to notify the drawer of the non-payment of a check, does not always discharge him from liability. It must also be shown that he has either actually or presumptively suffered some loss or injury therefrom. *Daniel*, Neg. Inst. § 1,587, and authorities there cited; *Bull v. Bank*, *supra*. In the case of *Norris v. Despard*, 38 Md. 491, it is true, this court said, "If the notice be not given, it is a presumption of law that he is injured by the omission"; but they explain this remark by adding that, "In the application of the principle, courts must inquire into the liabilities of the respective parties to the check, for the purpose of ascertaining whether this injury, either actual or presumptive, could take place"; and further on, in the same opinion, "It was but just that they should give the defendant notice of the non-payment in reasonable time before they brought their action, or to have shown that the defendant sustained no injury in consequence." (*Rhett v. Poe*, 2 How. 457; *Eichelberger v. Finley*, 7 Har. & J. 385; *Schuchardt v. Hall*, 36 Md. 602.) Here it is clear that, at the time the check reached the Nicholsons, they were hopelessly insolvent, and did not have in their banking house the amount of the check, in actual cash. Their assignment on the same day placed all their assets in the hands of trustees, and definitely fixed the status of any claim the defendant had, or could have, upon them. Under these circumstances, we can perceive no way by which, on account of the want of notice, injury to the defendant, either "actual or presumptive," could take place. The judgment below must be reversed. Judgment reversed, and judgment for the appellant for the sum of \$1,053.56, with interest from this date until paid, and costs.—*Atlantic Reporter*.

SUBSCRIPTIONS BY THE PRESIDENT.

SUPREME COURT OF NEBRASKA.

Robertson v. Buffalo County Nat. Bank.

No agent of a corporation has the implied authority to give away any portion of the corporate property, or to create a gratuitous corporate obligation binding on the corporation. Accordingly, where the president of a National bank signed its name to a subscription paper obligating the bank to donate \$200 to certain parties on condition that they would erect a paper mill in the city of K., *Held* (1) that the making of donations of its funds to aid in the building of a paper mill was no part of the business for which the bank was incorporated; (2) that the act of the president was not within the scope of his authority, and that the bank, in the absence of an authorization or ratification by it of the president's act, was not bound by the agreement made.

RAGAN, C.—On the 8th day of January, 1889, the president of the Buffalo County National Bank signed his name to a subscription paper by which the signers of said paper agreed to donate and pay to one Johnson and others the sums of money set opposite the respective names of said signers when said donees should have on the grounds \$20,000 worth of paper-mill machinery, for the purpose of erecting in Kearney, Neb., a paper mill. The amount subscribed by the bank was \$200. On August 15, 1889, Johnson and the other donees mentioned in said subscription paper brought suit before a justice of the peace against the bank on said subscription, and by the consideration of said justice obtained a judgment. The bank appealed to the district court, where F. Y. Robertson was substituted as plaintiff. At the conclusion of the trial, the jury, in obedience to an instruction of the court, returned a verdict in favor of the bank. Robertson's motion for a new trial was overruled, and he brings the case here for review.

The undisputed evidence in the case is that the president of the bank, without the knowledge or consent of the directory, signed the name of the bank to the subscription paper, and that the directory of the bank had never ratified this act of the president. Whether the court erred in instructing the jury to return a verdict for the bank depends, then, upon the question as to whether the bank is bound by the subscription made by its president. This bank was organized under the act of Congress for the purpose of lending money, receiving deposits, and for the conducting of a general banking business. The making of donations of its funds or capital to aid in the building of paper mills, canals, or churches is no part of the business for which it was incorporated. The bank—that is, the corporation—by the unanimous consent of its stockholders, might, no doubt, make such donation of its capital to any enterprise or person it chose; but is the bank bound by a contract made in its name by its president, in and by which it is agreed to donate to some person or enterprise a part of its capital? A large part of the argument of counsel in this court has been directed to the doctrine of *ultra vires*, but we do not think that it is necessary to invoke that doctrine in order to reach a correct decision in this case. It seems to us that the question is one of agency. The bank is the principal, and the president of the bank was its agent, and the bank, of course, was bound by the acts of its president, done within the scope of his authority. In *Morawetz on Private Corporations* (section 423) it is said: "The property and funds of a corporation belong to its share-

holders, and cannot be devoted to any use which is not in accordance with their chartered purposes, except by unanimous consent. No agent of a corporation has implied authority to give away any portion of the corporate property, or to create a corporate obligation gratuitously." In *Jones v. Morrison*, 31 Minn. 140, 16 N. W. 854, it is said: "The directors of a corporation have no authority to appropriate its funds in paying claims which the corporation is under no legal or moral obligation to pay, as to pay for past services which have been rendered and paid for at a fixed salary previously agreed on, or under a previous agreement that there should be no compensation for them." To the same effect see *Salem Bank v. Gloucester Bank*, 17 Mass. 29; *Bissell v. City of Kankakee*, 64 Ill. 249; *Minor v. Bank*, 1 Pet. 46; *Case v. Bank*, 100 U. S. 446. In *Alexander v. Cauldwell*, 83 N. Y. 480, it is said: "One who deals with the officers or agents of a corporation is bound to know their powers, and the extent of their authority. The corporation is only bound by their acts and contracts which are within the scope of their authority." In *Rich v. Bank*, 7 Neb. 201, it is said in the syllabus: "No officer of a bank can bind it by a promise to pay a debt which the corporation does not owe and was not liable to pay, unless the bank authorizes or has ratified the act; but ratification is equivalent to original authority to act in the matter, and corporations are bound in the same manner as natural persons." We think these authorities are decisive of the case at bar. This is not a case in which the bank has received and retains the fruits of an unauthorized contract made by its agent. The contract sought to be enforced here was one by which the president agreed that the bank would donate a part of its capital to the assignor of the plaintiff in error. If this bank can be bound by the agreement of its president to donate \$200 to an individual to aid him in building a paper mill, then the bank can be bound by the agreement of its president to donate its entire capital. Such a rule as this would confer upon the agent of a corporation greater powers than that possessed by its directory. The judgment of the district court is affirmed.—*Northwestern Reporter*.

COLLECTIONS.

SUPREME COURT OF NORTH CAROLINA.

Stevenson et al. v. Fidelity Bank of Durham.

Plaintiff deposited a draft with the Bank of H. for collection, which forwarded it for collection to defendant bank, and defendant collected it after the Bank of H. failed. The arrangement between the banks was that each should daily remit to the other every collection as made, but this was not strictly complied with by the Bank of H., and the final drafts sent by it to defendant in payment of balance were dishonored. *Held*, That defendant was liable to plaintiff for the collection, defendant not being a purchaser of the draft, but merely a sub-agent for its collection.

MACRAE, J.—The ingenious argument of defendant's counsel is based entirely upon the assumption that the defendant was a purchaser of commercial paper for value, and without notice of any equities between the original parties thereto, and before maturity. If such had been the case, there can be no question that the defendant would have been entitled to hold the avails to its own use. If the course of dealings between the two banks had continued as it had been prior to June, 1891—the forwarding by the one to the other of commercial paper for col-

lection on account of the bank so forwarding, the charging and crediting each other with said items upon a mutual running account, and the remission by the debtor to the creditor bank of balances from time to time—the question would have arisen whether one bank became the purchaser for value of the paper received by it for collection, by reason of the fact that the balance of account was against the remitting bank. Even if this were the case presented to us, we should be inclined to adopt the rulings of the New York Court of Appeals in *McBride v. Bank*, 26 N. Y. 450: "It is not a purchaser for value by reason of its having a balance against the remitting bank, for which it had refrained from drawing, and from having discounted notes for the latter upon its indorsements, in reliance upon a course of dealings between the banks to collect notes for each other, each keeping an open account of such collections, treating all the paper sent for collection as the property of the other, and drawing for balances at pleasure"; or that of the Supreme Court of the United States in *Bank of the Metropolis v. New England Bank*, 6 How. 212, where the above-stated principle seems to be somewhat modified. In substance, the court say that the receiving bank is not entitled to retain against the real owners, unless credit was given to the transmitting bank, or balances suffered to remain in its hands, to be met by the negotiable paper transmitted, in the usual course of dealings between the two banks. (See 2 Morse, Banks, § 591 *et seq.*, where the subject is largely discussed.) If this were an open question, it would not affect the case before us. By the case agreed, it appears that up to June, 1891, there had been such a course of mutual dealings and running accounts between the two banks as is referred to above, but some time prior to June 1, 1893, there was a change in the arrangement between these banks, and it was mutually agreed to close the mutual accounts, and that each bank should remit to the other, daily, the respective items when collected. However, in fact, the Bank of New Hanover did not remit daily each item when collected, as appears by the appended statement; and it further appears that by this change of the course of dealings between the banks, although the agreement was not strictly complied with by the Bank of New Hanover, the said bank did remit to the Fidelity Bank its drafts on New York in payment of the balances against the former, and in favor of the latter bank, and that the draft in question was sent for collection. It was by the dishonor of the New York paper sent in payment of balances that the defendant became the loser; and we are of the opinion that the defendant was acting in the capacity of sub-agent in the collection of the plaintiffs' draft. (*Manufacturers' Nat. Bank v. Continental Bank*, 148 Mass. 553, 20 N. E. 193.) Under the arrangement that then existed between the two banks, the defendant could in no sense be considered a purchaser for value of the draft in question. The defendant was the agent of the Bank of New Hanover to collect the draft, and, if it had authority to credit the said bank with the avails of the collection, it was only so while the bank was a going concern; but the bank became insolvent before the agency was completed and the money received, so that no authority existed to credit the money on general account. (2 Morse, Banks, § 568.) As we hold that in no event was the defendant a purchaser of the draft, it will not be necessary to follow the argument of counsel upon that line. There is no error.—*Southeastern Reporter*.

COLLECTION OF CHECKS.

SUPREME COURT OF ILLINOIS.

Bank of Antigo v. Union Trust Co.

Where three notes are discounted at one time by a bank for one depositor, and the proceeds of each note separately credited to him, the contract is divisible, and the bank may rescind the agreement as to one of the notes without rescinding as to the others.

Where a bank sends a note to another bank for collection, and the latter receives in payment of it a worthless check on the former bank, the latter bank must stand the loss, since an agent to collect has no implied authority to take anything but money in payment.

As between the payee of a check and the bank on which it is drawn, the check does not create any liability against the bank unless the drawer has on deposit, at the time the check is presented, funds sufficient to pay it, even though at the time the check was drawn there was such a deposit in the bank.

SHOPE, J. (after stating the facts).—It is contended that the contract between appellee and Weed & Co. under which the three notes of Mellor & Hoxie were discounted was an entire contract, and that appellee had no right to rescind as to the \$5,430 note, and retain the proceeds of the two \$3,000 notes. It is true, as stated by counsel for appellee, that the general rule is that, when a party wishes to rescind an entire contract, he must rescind it in toto or not at all. (*Harzfeld v. Converse*, 105 Ill. 534.) But it is not to be overlooked that this is a rule of construction, based upon the intention of the parties to the contract, and not a rule of law controlling that intention. (2 Pars. Cont. 521.) Conceding that the discounting of the notes in question constituted a contract between appellee and Weed & Co., it does not appear from the record, nor is it claimed, that Weed & Co. have treated or sought to treat the contract as entire and indivisible. On the other hand, it does appear that the \$5,430 note was returned to them by appellee, with a letter informing them that, having heard of the failure of Hoxie & Mellor, the makers of the notes, the amount thereof had been deducted from their account, etc. Weed & Co. on September 6, 1890, sent this note back to appellee, who, on the 8th, again returned it to Weed & Co., who, it seems, retained it. The letter of Weed & Co. of the 6th, or their purpose in returning the note, is not shown. Nor does it appear that they then or afterwards asserted or undertook to assert under the contract any right against appellee. In the absence of any proof to the contrary, it may, we think, be said that Weed & Co. by their silence have themselves elected to treat the contract as rescinded as to the \$5,430 note. If A. Weed & Co. have acquiesced in the rescission of the contract as to the \$5,430 note by appellee, it cannot be in the logic of things that appellant can succeed to any greater rights under the contract than A. Weed & Co., who, as we have seen, in the absence of countervailing proof on that question, have elected to acquiesce in the rescission. Appellant being under no constraint, in order to protect its own interests or rights, to pay the debt of A. Weed & Co. to appellee, but having, as will be seen, paid the same voluntarily, could not be subrogated to the rights of A. Weed & Co. in the premises. (*Hough v. Insurance Co.*, 57 Ill. 318; *Young v. Morgan*, 89 Ill. 199; *Beaver v. Slanker*, 94 Ill. 175.)

But were the foregoing considerations not warranted by this record, we think, under the facts in this case, that the discounting of the notes

constituted an apportionable contract. The record shows that in its letter of September 1, 1893 (in reply to one from A. Weed & Co. containing the proposition for discounting \$15,000 of Hoxie-Mellor paper), appellee said that it could "use, say, \$10,000 of the paper" referred to from "September 1st to 4th," and that, under this arrangement, the three separate notes above mentioned were discounted by appellee. It is not contended that appellee had not the right, had the integrity of the notes at the time been questionable, to have refused to discount any or all of them. Each note constituted, in and of itself, a separate and independent contract, upon a distinct consideration, and the books of the bank show that they were discounted as separate and distinct entries. The rule as laid down by Parsons (volume 2, star p. 517) is: "If the part to be performed by one party consists of several distinct and separate items, and the price to be paid by the other is apportioned to each item to be performed, or is left to be implied by law, such a contract will generally be held to be severable." And Mr. Wharton (Cont. § 748) says: "When a consideration is divisible, and the price can be apportioned, then, if a distinct divisible portion of the consideration fails, the price paid for such portion can be recovered back," and that, "in cases . . . in which the consideration is divisible, the purchaser may elect to take what can be delivered to him, and in such case, if the purchase money has been paid, he can recover back the excess, or, if there has been no payment, defend *pro tanto*." See cases in notes. In *Manufacturing Co. v. Wakefield*, 121 Mass. 91, where the action was an account for certain India-rubber goods sold, and the price of each article, and discount from the gross sum, were stated in the account, the court, in passing upon the question of whether the contract was entire or divisible, said: "We do not deem this contract to have been an entire one. That a contract should be of that character, it is not sufficient merely that the subjects of purchase are included in the same instrument of conveyance. If but one consideration is paid for all the articles, so that it is not possible to determine the amount of consideration paid for each, the contract is entire. (*Miner v. Bradley*, 22 Pick 457.) . . . When many different articles are bought at the same time for distinct prices, even if they are articles of the same general description, so that a warranty that they are all of a particular quality would apply to each, the contract is not entire, but is in effect a separate contract for each article sold. (*Johnson v. Johnson*, 3 Bos. & P. 162; *Miner v. Bradley*, *supra*.)" To the same effect is the doctrine stated in *Wooten v. Walters*, 110 N. C. 251, 14 S. E. 734, 736, where the sale was of a stock of merchandise and land. It was there said that, "though a number of things be bought together without fixing an entire price for the whole, but the price of each article is to be ascertained by a rate or measure as to the several articles, or when the things are of different kinds, though a total price is named, but a certain price is affixed to each thing, the contract in such cases may be treated as a separate contract for each article, although they all be included in one instrument of conveyance, or by one contract;" citing *Johnson v. Johnson* and *Miner v. Bradley*, *supra*. (See, also, *Hill v. Reave*, 11 Metc., Mass., 268; *Cushing v. Rice*, 46 Me. 302; *Preston v. Spaulding*, 120 Ill. 208, 10 N. E. 903.) We are, however, referred by counsel for appellant to the case of *Harzfeld v. Converse*, *supra*, as maintaining a contrary view. This is a misapprehension. That case falls clearly within the rule, announced in the Massachusetts and other cases, that where "the purchase is of goods as a particular lot, . . . or the number of barrels in which the goods are packed, the contract is held to be entire." (*Manufacturing v. Wakefield*, *supra*, and cases therein collated.) Moreover, at the time of the discounting of

said notes, Weed & Co. had overdrawn their account with appellee \$5,760.57. By the judgments of the circuit and appellate courts, the controverted question of fact as to fraud on the part of Weed & Co. in the transaction is conclusively settled, and that such fraud was consummated before the payment of Weed & Co.'s overdrafts. This being so, appellee would be excused from surrendering up to Weed & Co. the two \$3,000 notes. (*Preston v. Spaulding*, *supra*, and cases cited.) We are therefore of opinion that appellee had the right to rescind the contract, as it did, by returning to Weed & Co. the \$5,430 note, and charging the same back to their account.

It is also insisted that, although appellee had the right to partially rescind the contract as against Weed & Co. it could not legally exercise such right as against appellant, it being a *bona fide* holder of the \$3,000 check in question, drawn by Weed & Co. on appellee. It appears that about September 2, 1890, appellee sent to appellant for collection and returns a \$3,000 note, then due, against Hoxie & Mellor, owned by appellee, and upon which Weed & Co. were indorsers. On that day Weed & Co. gave appellant the check in question, drawn on appellee for the amount of the note, which was at once cancelled by appellant and surrendered to Weed & Co. Appellant received the check as cash, and remitted the proceeds, less charges, to appellee, by draft on the Merchants' Bank of Chicago. This remittance was received by appellee on September 3d, and paid. On the next day, about noon, the check sued on was presented to appellee for payment, which was refused. Appellee in the meantime, between the receipt of the remittance and presentation of the check for payment, having become apprised of the business failure of Hoxie & Mellor and the fraud of Weed & Co., had charged back to Weed & Co.'s account, and returned to them, the said \$5,430 note, less discount (\$85.65), leaving a balance to the credit of Weed & Co. of \$144.77, only, when the check was presented. It is not shown or pretended that appellant, in making collection of said note, was authorized by appellee to receive in payment thereof anything but money. When appellant received the note from appellee for collection, it then and thereby became the agent of appellee for that purpose; and the law is well settled that, unless such agent is specially authorized so to do, he has no right to accept in payment of his principal's debt anything in lieu of money. (*Mathews v. Hamilton*, 23 Ill. 470; *Ward v. Smith*, 7 Wall. 447; *Howard v. Chapman*, 4 Car. & P. 508; Story, Prom. Notes. (7th Ed.) § § 115-389, and notes.) Being authorized to receive money only, the agent has no implied power to receive a check in payment (*Hall v. Storrs*, 7 Wis. 253); and where the collection agent, not being thereunto authorized, accepts in payment of his principal's demand a check, or depreciated currency, and loss ensues thereby, he must bear it. (*Ward v. Smith*, *supra*; Morse, Banks, 431, 432; *Harlan v. Ely*, 68 Cal. 522, 9 Pac. 947.)

But it is claimed that the drawing of the check by Weed & Co. on appellee operated as an assignment to appellant of so much of the fund on deposit, against which it was drawn, as was necessary to pay it. As between the drawer and drawee, this is doubtless correct. (*Union Nat. Bank v. Oceana Co. Bank*, 80 Ill. 212.) But, in order to charge the bank with the amount, it is indispensable that the check be first presented to it for payment, or some other act done equivalent thereto. This rule was announced in the early case of *Munn v. Burch*, 25 Ill. 35, where it was held that the check of a depositor on his banker, delivered to another for value, transfers to the payee therein, and his assigns, so much of the deposit as the check calls for, and that, when presented to the bank for payment, the banker becomes liable to the holder for the amount there-

of, provided the drawer has at the time sufficient funds on deposit to pay it. And this doctrine has been subsequently reaffirmed in numerous decided cases in this court, among which see *Insurance Co. v. Stanford*, 28 Ill. 168; *Bickford v. Bank*, 42 Ill. 238; *Fourth Nat. Bank v. City Nat. Bank*, 68 Ill. 398; *Bank v. Jones*, 137 Ill. 634, 27 N. E. 533. That appellee had, between the time of making the check and its presentation for payment, on deposit to the credit of Weed & Co., funds sufficient to meet the check, can have no bearing on the question. Appellee had no notice of the existence of the check until presented for payment, and the deposit against which it was drawn having been, as we have seen, depleted by proper charges and deductions until only a meager sum remained, there was no sufficient fund left on deposit out of which it could be paid, and the check was therefore rightfully dishonored. Other errors are assigned, which have been carefully considered, but, in view of what has been said, no useful purpose would be served by a discussion of them. The judgment of the appellate court will be affirmed. Affirmed.—*Northeastern Reporter*.

WHEN DEPOSITS ARE A TRUST FUND.

SUPREME COURT OF SOUTH DAKOTA.

Kimmel v. Dickson.

K. delivered to a bank a certain sum of money, to be paid over to W. when he should present to the bank a warranty deed, properly executed, conveying to K. certain lands, together with an abstract showing good title in W., and took a receipt from the bank reciting the purpose for which the money was so left. Subsequently, and before such deed and abstract were presented, or the money paid over, the bank failed, and a receiver was appointed by the court. Held, that the money so deposited was a trust fund, and did not become assets of the bank, nor pass to the receiver as such.

The fact that upon its receipt the bank gave credit to K. as of a deposit, and mingled the money so deposited with its own, without the knowledge or consent of K., did not change the character of the transaction.

Under such circumstances K. had the right to follow and reclaim the money so deposited as a trust fund, and it was the duty of the court to direct its receiver to pay the amount over to K.

KELLAM, J.—In this case the facts are simple and undisputed. On and prior to the 9th day of June, 1893, the Douglas County Bank was a banking corporation under the laws of this State, doing business at Armour, in said Douglas County. On that day respondent, Kimmel, left with such bank \$265, to be paid to E. C. Ward, on presentation by him of a warranty deed conveying to Kimmel certain described land, with an abstract showing good title in the grantor. The bank gave Kimmel a receipt therefor, reciting that it was so received for such purpose. On the 17th day of June following, and before the deed was presented and the money paid over, the bank failed, and respondent, Dickson, was appointed its receiver, and as such received and took possession of all the assets and property found in the possession of the bank, of which only \$259.71 was cash. Subsequently both Kimmel and Ward demanded their money of the receiver, and this action does not involve any controversy between Kimmel and Ward, but simply whether the receiver of the bank should be required to pay over the amount, or so much thereof as the money on hand will pay; or whether the cash so found on hand at the time of the failure of the bank is assets in his hands, to be distributed with and as the other assets of the bank. The

court below ordered the receiver to pay over to respondent the said \$259.71 so found in the bank at the time of its failure and taken possession of by him, and this appeal is from such order. In the affidavit of Humbert, secretary of said bank, it is stated that when this money was so left with the bank it "was treated the same as any other deposits of said bank, and mixed with the other money therein." It is not intimated that this was done with the knowledge of Kimmel, or that he in any manner consented to it. Upon these facts it would appear that the money was left with the bank in trust for a particular purpose. The bank could not afterwards, without the acquiescence of Kimmel, change its relation to him from that of a bailee or trustee to that of a general debtor. We apprehend that no different principle is involved because one of the parties happens to be a bank. Suppose, under the same circumstances, Kimmel had left the money with Humbert personally, and he had failed and made an assignment, would this money, so found in his possession, pass to his assignee as his property? If so, when and how did it become so? That he, or the bank in this case, had, without the consent of Kimmel, diverted the money and used it for some other purpose, ought not to affect Kimmel's rights. Abuse of a trust can confer no rights on the party abusing it or on those claiming in privity with him. It is not claimed that the \$259 found in the bank's vault when it failed is the very money, or a part of it, deposited by Kimmel, and it is not necessary that it should be so. If the money delivered to the bank had been used by it in its business, it had presumably either paid its debts *pro tanto*, or increased its assets; and the general creditors of the bank would be in the same condition if the money found in its possession were paid over in execution of the trust as though the money deposited had been kept separate, and the identical money received had been so paid over. *Peak v. Ellicott*, 30 Kan. 156, 1 Pac. 499, was a case entirely analogous to this. Peak had left with the bank of which Ellicott, upon its failure, became assignee, money to pay a note, which the bank was to send for. As in this case, he took a receipt showing the purpose for which the money was left. The bank passed the amount to the credit of Peak. After the failure of the bank, it not having paid the note, Peak brought action against the assignee, asking the same relief as is asked in this case, to wit, that the assignee be required to pay over the amount in full as a trust fund. The Supreme Court reversed the trial court, holding that the transaction constituted a trust; that the relation created was not that of a debtor and creditor, but rather that of principal and agent, or bailor and bailee; and that the subject of such trust did not pass to the assignee as assets of the bank. It was held further that the manner in which the bank had treated the fund by crediting it to Peak and mixing it with its own money did not affect his right to claim the amount from the funds on hand. *Ellicott v. Barnes*, 31 Kan. 170, 1 Pac. 767, was a similar case, and the same rule controlled. *McLeod v. Evans*, 66 Wis. 401, 28 N. W. 173, 214, applies the same principle, with the same result, where a draft had been left for collection with a banker, who afterwards, and before the depositor had received its proceeds, suspended and assigned. The court held that the proceeds of the draft constituted a trust fund, which did not pass to the assignee, and, there not being sufficient cash in the hands of the assignee to pay the amount, that the same should be a lien upon the assigned estate. The same principle, though to somewhat different facts, was applied in *People v. City Bank of Rochester*, 96 N. Y. 32, and again in *People v. Bank of Dansville*, 39 Hun. 187.

The suggestions of appellant that this money is imperatively needed to meet immediate expenses in administering the bank's estate, can have

little weight when the money itself is no part of the estate, but belongs to another. There would be no justice in requiring Kimmel to furnish means to assist in settling the affairs of the bank. On behalf of appellant it is further urged that the answer shows that at the time of its failure the bank held a large amount of other special deposits of the same character as this \$265; and it is insisted that by the order appealed from Kimmel is given a priority to which he is not entitled over other equally meritorious claimants. It is doubtful if the proceedings convey the meaning which counsel thus draws from them. The answer of the receiver is evidently framed upon the theory that, notwithstanding the circumstances of this deposit, it was a general deposit, and concludes with admitting the indebtedness of the bank on account of it. After stating how and for what purpose it was made, it proceeds: "And it is alleged that said \$265 was deposited on account of the plaintiff as herein stated, and not otherwise, and was carried to the credit of the plaintiff by the defendant corporation the same as any other deposits of said bank, and the money constituting said sum of \$265 was mixed with other money deposits of said bank, and its identity destroyed. . . . And that, after the deposit of said \$265 and previous to the 17th day of June, 1893, said defendant bank received on deposit moneys from its depositors to the amount of \$7,786.63, to be paid out the same as said \$265, the same being funds belonging to depositors, and no part of which have been paid to said depositors, which was mixed with its general deposit funds, of which said \$265 formed a part at the time of its deposit. The defendant further alleges that the total amount due depositors by said defendant bank on said 17th day of June, and which remains unpaid, is the sum of \$20,778.08, and defendant states that, except said \$259.71, cash on hand, the assets of said defendant bank consist of horses, equities, and rights of action; admit that the plaintiff and said E. C. Ward have each demanded said \$265, and defendants have each refused to pay the same; and admit that defendant corporation is indebted to plaintiff in said sum of \$265 as aforesaid, and no part thereof has been paid." Upon this point the affidavit of Humbert, the secretary of the bank, is as follows: "That the said \$265 deposited by plaintiff as aforesaid was treated the same as any other deposits of said bank, and mixed with the other money therein. . . . That after the deposit of said \$265, and previous to the 17th day of June, 1893, said defendant bank received on deposit money to the amount of \$7,786.63, which was mixed with the deposit funds of said bank, and all of which was paid out by said defendant corporation prior to June 17th, except said sum of \$259.71." Reading the answer of the receiver and the affidavit of the bank's officer together, I think we ought to understand, not that the bank had received and held over \$7,000 of special deposits of the same character as the \$265, but that between the dates named that amount had been deposited generally, and had been treated by the bank, and used and paid out, the same as the \$265. To us these statements do not mean that the bank held other special deposits, delivered to and received by it for, and so appropriated to, a particular purpose or trust; and, even if they were so intended, there is nothing before us to indicate that any such depositor ever has, or ever will, assert his rights. The plaintiff having established his right to be paid, no question of priority is presented until it is shown that there are rival claimants in position to and disposed to raise the question, and that they will suffer by allowing plaintiff to be presently and first paid. Payment to him ought not to be denied or delayed upon a bare suspicion that others similarly situated, now sleeping on their rights, may eventually assert them. The order of the Circuit Court is affirmed.—*Northwestern Reporter*.

PAYMENT BY CHECK.

SUPREME JUDICIAL COURT OF MASSACHUSETTS.

Folsom v. Ballou Banking Co.

A bank which had sold coupons to plaintiff paid her the amount of certain coupons, and received them as its own, but undertook to return them, when not paid by the obligors, by deducting the amount which it had paid to her from a larger amount which it owed to her, and by sending her a check for the balance thus reached. *Held*, The plaintiff could sue the bank for the larger sum without first returning the check or coupons.

Where a bank sent its check to plaintiff for a smaller sum than was due, suit for the larger sum was notice to the bank that plaintiff did not accept the check; and evidence that plaintiff subsequently sent a registered letter to notify the bank that the check was subject to its order, and that the bank refused to receive the letter, was admissible to show the character of its conduct towards plaintiff.

HOLMES, J.—The facts, as the judge has found them, are that the defendant had paid the plaintiff the amount of certain coupons of bonds sold by it or its predecessor in business to the plaintiff, and had received the coupons as its own. The defendant took a different view of the transactions; asserted that it had paid the coupons provisionally only, and, when the coupons were not paid by the obligors, undertook to return them—deducted the amount which it had paid the plaintiff from a larger sum which it owed to her, and sent her its check for the balance thus reached. This was on February 17, 1892. The plaintiff, without returning the check or coupons, brought this suit on March 9, 1892, for the above-mentioned larger sum.

The main question raised is whether the plaintiff's rights are affected by her failure to return the check and coupons before the suit was brought. The question is answered by the foregoing statement of the facts. The defendant undertook to drive the plaintiff into a position which she never had taken. She had no concern with the coupons, and the check did not represent the balance to which she was entitled. The defendant no more could impose duties upon her by sending the check and coupons to her than it could upon any stranger. As she had a right of action before, she had it after, those objects were intruded upon her. There was nothing to rescind, for she had made no bargain.

Two exceptions were taken to the admission of evidence. The plaintiff was allowed to show that on April 7, 1892, she sent a registered letter to the defendant, giving it notice that the check and coupons were held subject to its order, and that the defendant refused to receive the letter. The only way in which the evidence could hurt the defendant was by showing the character of its conduct towards the plaintiff. For that purpose it was admissible; for any other it was superfluous. The suit was notice to the defendant that the plaintiff did not accept the check.

The other evidence was that one B. F. Folsom, who was the plaintiff's agent in the dealings with the defendant, never told her that the coupons sent to the defendant were sent to it to be collected by it as her agent. The judge having found that no such arrangement was made between Folsom and the defendant, the evidence became harmless; otherwise, it would have tended to show that the plaintiff had not ratified the supposed agreement. She had testified that she did not authorize it. Exceptions overruled.—*Northeastern Reporter*.

LEGAL MISCELLANY.

BANKING—COLLECTIONS.—Plaintiff deposited a draft with the bank of H. for collection, which forwarded it for collection to defendant bank, and defendant collected it after the bank of H. failed. The arrangement between the banks was that each should daily remit to the other every collection as made, but this was not strictly complied with by the bank of H., and the final drafts sent by it to defendant in payment of balance were dishonored: *Held*, That defendant was liable to plaintiff for the collection, defendant not being a purchaser of the draft, but merely a sub-agent for its collection. [*Stevenson v. Fidelity Bank of Durham, N. Car.*]

BANKS AND BANKING—AUTHORITY OF CASHIER.—A bank is bound by the act of its cashier in drawing checks in its name, though with the intent of embezzling the proceeds, and payment of the checks by the drawee is binding on the bank. [*Phillips v. Mercantile Nat. Bank of City of New York, N. Y.*]

CORPORATE STOCK—ASSIGNMENT.—The obligor on a bond deposited with plaintiff a certificate of corporate stock as collateral security, and subsequently assigned such certificate to him, in trust for the obligees on the bond, in consideration of a release from liability thereon; the assignment providing that the obligor should not be released till a perfect, unincumbered title should be transferred to plaintiff on the books of the corporation. Plaintiff accepted the certificate, and repeatedly, but ineffectually, demanded such transfer on the books: *Held*, That the absolute title passed to plaintiff as against creditors of the obligor. [*Weber v. Bullock, Colo.*]

NEGOTIABLE INSTRUMENTS.—The plaintiff being in the possession of a negotiable note, properly indorsed, it will be presumed that he owns and acquired the note in good faith for full value in the usual course of business before maturity, without notice of any circumstance that would impeach its validity; and where the defendant, who is the maker of the note, claims that the plaintiff does not so hold it, it devolves upon him to prove his claim. [*First Nat. Bank of Cobleskill v. Emmett, Kan.*]

NEGOTIABLE INSTRUMENTS—ASSIGNMENT.—A note payable to order of the maker, and by him indorsed and delivered, is, like a note expressly payable to bearer, not subject to the statute allowing defenses existing between the original parties against a *bona fide* holder. [*Bank of Winona v. Wofford, Miss.*]

NEGOTIABLE INSTRUMENT—BURDEN OF PROOF.—In an action on a note, by an indorsee against the maker, evidence that the note was executed without consideration, or that it had been partially paid before its indorsement, does not cast on the indorsee the burden of proving that he is a *bona fide* holder, but the burden is on the maker to disprove this fact. [*Little v. Mills, Mich.*]

NEGOTIABLE INSTRUMENTS—FORGED CHECK.—Where a bank paid a forged check drawn on it, entered it on its books, and then apparently dismissed it from further attention, and the forgery was not discovered until five days afterwards, through an investigation started by another bank, from which it received it, the former bank is guilty of negligence, and cannot recover from the latter the amount so paid. [*Iron City Nat. Bank of Pittsburgh v. Fort Pitt Nat. Bank of Pittsburgh, Penn.*]

NEGOTIABLE INSTRUMENT—PLEADING—ANSWER.—In an action on a note, by the indorsee against the payee and joint makers, where the complaint does not allege that plaintiff purchased the note before maturity, an answer of one of the joint makers, alleging that he was induced to sign the note by fraudulent conspiracy of his co-maker and the payee, constitutes a good defense, since plaintiff's failure to aver a purchase before maturity relieved such joint maker of the necessity of alleging notice. [*Campbell v. Patton*, N. Car.]

NEGOTIABLE INSTRUMENT—SURETY—CONSIDERATION.—Where defendant signed as surety, after its delivery, a note given for machinery, which note was executed and delivered at the time of the delivery of the machinery, without any agreement that defendant's name would be secured to the note, and the machinery had been put up in running order when defendant signed, and the consideration fully executed, there was no consideration for his signature. [*Simmang v. Farnsworth*, Tex.]

NEGOTIABLE INSTRUMENT—TRANSFER.—A note may be transferred by delivery and without indorsement (Code, § 177), and, though such transfer does not pass the legal title according to the law merchant, the transferee is the equitable assignee thereof. [*Jenkins v. Wilkinson*, N. Car.]

PARTNERSHIP.—A partnership agreement between S. and L. provided that all checks be signed by both parties, and the agreement was communicated to their bank. All checks were drawn according to the agreement to within four months of the dissolution of the firm, and at that time S. drew a number of checks, executed by himself alone, for purposes not entered on the books, nor known or consented to by L.: *Held*, That, as between the bank and an attaching creditor of the firm, the bank was entitled to credit for money paid out on the checks drawn by S. only so far as it could show that the money was used to pay firm obligations. [*Granby Mining & Smelting Co. v. Lavery*, Pa.]

PARTNERSHIP—DISSOLUTION.—A bank to which a draft against a firm is sent for collection cannot bind the drawers by taking the acceptance of only one of the partners; and the taking of such acceptance does not release the other partner from liability for the firm debt to the drawers, though the bank had knowledge that the firm had been dissolved, and that the accepting partner had assumed firm debts. [*Tootle v. Cook*, Colo.]

PARTNERSHIP—NOTE OF PARTNER.—Where a partner having general management of the business and sole control of the finances, with authority to contract for the firm in his own name, in the absence of firm funds advances money of his own, taking the firm's checks therefor, and then discounts a note executed in his own name, and takes the proceeds, turning into the firm its checks to the amount thereof, the money from the note goes into the business, so that the firm is liable on the note. [*Michigan Sav. Bank v. Butler's Estate*, Mich.]

PAYMENT—EVIDENCE.—Where payment is made by check, which recites on its face, "in full of all demands," such words will constitute a receipt in full, as against the payee, only when it is shown that he had knowledge of the presence of such words, or facts are shown which in law would charge him with such knowledge. [*Rapp v. Giddings*, S. Dak.]

NEGOTIABLE INSTRUMENT—ACTION.—Where the owner of a note assigns it, authorizing the assignee to sue thereon and collect it, though the owner retained it in his possession, he cannot maintain an action thereon without a re-assignment to him. [*Anderson v. Yosemite Mining & Milling Co.*, Utah.]

PARTNERSHIP—RETIRING PARTNER—NOTICE.—Partners of a banking firm, who sell their interest and withdraw from the firm, cannot, by a mere publication of notice of such withdrawal in a newspaper, relieve themselves from liability for subsequent deposits by one who was a regular depositor for many years prior to such withdrawal; but a partner who gave actual personal notice to such depositor of his withdrawal, within three months thereafter, is not liable for such subsequent indebtedness. [*Robinson v. Floyd, Penn.*]

BUSINESS, BANKING AND CURRENCY.

The following address was delivered by Mr. N. B. Slyke, president of the First National Bank, of Madison, Wis., at the opening of the second annual convention of the Wisconsin Bankers' Association:

"What has transpired since last we met, you all too well know without further reference, and our varied experiences more or less dear, should have taught wholesome lessons of worth in the future, such experimental knowledge being of much value.

"While the journalist can impart information to his readers, and the pastor more clearly expound doctrine to his congregation, each admittedly more versed in his subject than those addressed; or the lawyer even suggest to a court his authorities and by learned argument influence a jury, I shall not presume to tell you, gentlemen-bankers, that which you do not already know, though it may not be out of place to remind you of some of the causes that have produced the effects we all realize, and the few suggestions offered are therefore without expectation of seeing an immediate resurrection from the present lethargy, but in the dim distance, since the clouds are slowly moving, of their breaking away gradually, till the sunshine of activity is restored.

"Not to-day, this week, nor perhaps this year, but—'when this cruel war is over'—when the labor troubles cease and work takes the place of worry; when the Coxey, misnamed 'industrial' or 'commonweal,' armies retire from the tramps' field of idleness, to that of productive industry; when the restless discontents learn that honest labor begets more than straggling vagrancy; when they comprehend the meaning of their cry that 'the world owes them a living,' is—when they earn it, and when the protection of life and property, by enforcement of law, can be more relied upon than now, or, whenever Congress adjourns, and we can—until it meets again—know upon what to depend; then, but not before some of these disturbing elements subside, need we hope to regain that confidence so essential to all business, especially ours.

"It is not the want of more money, but of more work, and our fears are doubtless greater than the danger. We are strong, and should keep so.

"If asked, what has been the cause of this depressed state of things; the politician will tell you—'it's the tariff,' but there's been no change in that—and I might say, no likelihood of being—and countries without the tariff scare are suffering the same; the banker says, 'it's the currency, the cheap money with which our country is afflicted'; but our money is all of equal purchasing and exchangeable value, and nations with their single gold standard, are similarly affected; the so-called workingman, he who work without mental effort, and buys with his day's wage more than he ever could before, he complains of 'want of

employment,' yet neither works himself, nor permits others to, who are willing.

"Is it not, then, the prevailing rebellious, lawless spirit that pervades, antagonizing capital everywhere, unmindful of the fact that without capital no employment can be given, that general prosperity requires money to employ, and labor to earn it, with assurance of labor being worthy of its hire, and capital of fairly remunerative returns?

"The mistaken idea of independence by either class, needs be corrected, controlled by laws, which, by their enforcement when necessary, shall protect all capital, labor, and the citizen not immediately interested in either.

"I think all intelligent men will be 'for protection' in this sense. As well might the farmer abandon the cultivation of half his arable lands, and expect to realize the same gain, as that the thousands of idle able-bodied men, and millions of idle money can continue unemployed, and think to prosper; one must till the ground if he hopes to harvest, else the result of production is lost, and no one gains thereby.

"Theories advanced from professional chairs of political economy or economics, and the partisan remedies emanating from legislative halls, count as nought, against the practical experience of the business world.

"Financial and economic doctors are as plentiful as the ills that beset us.

" 'Tis with our judgment as our watches, none
Go just alike, yet each believes his own."

"Gentlemen, you will pardon this seeming digression from the more immediate business questions you may be pleased to discuss; the point I wish to impress is the present need of legislation to improve existing laws, or of further enactments to govern capital and labor alike for mutual benefit, with the certainty of power to enforce it. This is the country's greatest need, rather than the advancement or advantage of any class or party.

"Too many look imploringly to Congress, or exactly demand individual help from the Government, instead of helping themselves, forgetting the proverb that 'God helps those who help themselves.'

"Coming to that which is more our special province (though just now of minor importance) is the question of our future currency, of which little that's new can be said. We will credit Congress with having repealed the silver-purchasing provision of the Sherman Law, and refusing to repeal the tax on State bank notes, though nothing beyond this is defined, and our representatives are all at sea.

"Aside from the vagaries of populists and their kin, there are several thoughtful measures presented to provide a currency to take the place of what we now have, but so far as developed, none sufficiently cover the four important requisites named by the distinguished and lamented ex-Comptroller Knox—safety, elasticity, convertibility and uniformity.

"Our present bank currency is safe, convertible, and uniform in respect to its purchasing value throughout the country, but it lacks the desired quality of elasticity—the readiness of contraction or expansion according to the requirements of business. How this may or might be attained I will endeavor briefly as possible to demonstrate: You know that the bank note of to-day is but a sub-division of Government bonds into bills of smaller denomination for convenience, with the advantage of being convertible at sight wherever presented, and is thus good so far, and so long as it goes.

"The distinctive features of banking are loans, deposits and circulating notes, neither of which are necessarily essential to the others,

though our commercial business banks usually combine the three, and National banks, as organized, must embrace the branches of all, or, at least, deposit bonds entitling them to issue notes, and are supervised by Government in respect to loans, quite as much as regards circulation.

"The supervision in some respects is objectionable, though in others healthful and good. How may the objective part be eliminated, and the currency increased?"

"The average rate of interest paid by the business public one year with another, quite equals six per cent., while the Government can readily borrow—issue bonds—at less than half the rate; we know the sentiment prevails in opposition to the text of Jay Cooke, that 'a public debt is a public blessing,' but I am inclined to the belief that to quite an extent, this is true; if so, is it wise to reduce the amount, while those for whom it is done—the people, are taxed, though indirectly, at a cost to them of double the interest? Why not authorize the Secretary of the Treasury to issue a fifty-year bond, irredeemable before maturity (on the same principle that a county or city better borrow at the low rate they can, than tax its citizen for an earlier payment). These bonds would afford a safe and permanent investment of many trusts, estates, charitable and other endowment funds, where the rate of interest is less considered than the permanency of the investment; would take up the outstanding bonds as they mature; would at the same time furnish a basis for bank circulation, that might be given to *State as well as National banks*, and banks not organized under the National system, only to be supervised by Government in regard to their currency, that, subject to the same restriction, regulation and laws, that govern National banks, that is, the ratio of issue (which might be at par of the bonds) same tax, same redemption, etc., etc., but in no other manner under Federal control.

"There would be no depreciated, no 'wild-cat' currency, but all being secured alike, same as all National banks now are.

"Maine or Texas, it makes no difference, and there should be no banking business by Government notes for circulation, consequently no need of its redemption fund for such.

"To enable banks with such notes to better meet the demands of business, they should be allowed to obtain their notes up to the amount of their capital stock paid—immaterially, because no possible loss could occur by failure to redeem—and to withdraw bonds down to one-fourth the amount of such capital stock, at pleasure, upon ten days notice of such intention, the five per cent. 'redemption fund,' as now required, to be regulated by the amount of currency outstanding; the use of this fund, and the benefit of all lost circulation going to the Government, would be full compensation for the management and care of this currency department of the Treasury.

"The detail of such system could be readily formulated.

"The Government would find ready market at home from its own people, cementing their interest in the public credit.

"The cost and time of reducing or increasing circulation, so objectionable, would be lessened, and many banks that are now entitled to issue millions, having little, and some no circulation, would, when needed, add to the volume, thus making it elastic.

"This outlined plan benefits no class more than another, and if wisely considered in its detail, might by the increased bonded debt prove a 'public blessing.'"

BANKING AND FINANCIAL ITEMS.

GENERAL.

A GOLD CURRENCY.—The currency commission of Austro-Hungary states that the government has nearly all the gold, 400,000,000 florins, needed to complete the reform of the currency of that country, and recommends that the withdrawal of the silver notes be proceeded with at once.

TWO KINDS OF APPEARANCES.—“You don't mean to say that the cashier is gone?”

“Yes,” replied the bank official.

“Dear me! He had such a pleasing appearance.”

“Yes. And such a displeasing disappearance.”—*Washington Star*.

EGISTO P. FABBRI, who for a number of years was a partner in the banking houses of Drexel & Co., Drexel, Morgan & Co., and Drexel, Harjes & Co., died at his home on Via Cavour, Florence, Italy, on Monday night. Mr. Fabbri was born in Florence about fifty-five years ago, and coming to America early in life, entered the firm of Fabbri & Chauncey, general importers, New York. Subsequently he became a member of the Drexel banking firms, with which he remained until the close of 1885, when he retired on account of ill health. Mr. Fabbri went back to his old home in Florence. He leaves a widow.

HENRI CERNUSCHI ON SILVER.—Mr. Henri Cernuschi writes to the *London Times* on silver in part as follows: “The disappearance of the French bimetallic par in 1873 has had two consequences—(1) frequent and violent fluctuations in the rate of exchange between the countries coining only gold, on the one hand, and on the other hand the silver monometallic countries; (2) a heavy fall in that rate of exchange. Fluctuations in the rate of exchange would cease, of course, if any ratio (10, 15, 20, 25) were fixed by the great metallic powers. But the incommensurable evil which the heavy fall in that exchange has caused and is causing cannot cease except by the revival of the $15\frac{1}{2}$ ratio. If the ratio 1 to 25 were established by an international convention it would only confirm that evil, consecrating and maintaining it forever. The Indian Treasury, which has already in twenty years expended a thousand million rupees, taken from Indian taxpayers, to meet the losses on the exchange between the rupee and the sovereign since the fall of the rupee below 2s. in 1873, would find itself doomed every year to obtain by taxes or loans about 120 millions of rupees, if, instead of the $15\frac{1}{2}$ ratio, 1 to 25 were internationally adopted as the new ratio. The losses inflicted by the fall in exchange upon agriculture, commerce and upon many industries in Europe, but especially in Great Britain, as well as the losses inflicted upon the finances of the silver monometallic States, and upon the creditors of those States, would become chronic, perpetual. The $15\frac{1}{2}$ ratio was proposed jointly by the Governments of the United States and France at the Monetary Conference held at Paris in 1881. That ratio cannot but suit Germany, for the thaler, which is full legal tender for three marks, is in the $15\frac{1}{2}$ ratio of weight to three gold marks. The Dutch silver florin weighs almost exactly $15\frac{1}{2}$ gold florins. The silver rouble weighs $15\frac{1}{2}$ gold roubles. The silver peseta weighs $15\frac{1}{2}$ gold pesetas. Thus the $15\frac{1}{2}$ ratio suits also Holland, Russia and Spain. The position of silver in Austria is peculiar. The Austrian florin is too heavy in relation to the newly-coined gold crown. If $15\frac{1}{2}$ became the international ratio Austria would have to convert her florins into silver crowns, weighing $15\frac{1}{2}$ gold crowns. The holders of florins would realize a bonus, but other countries would have nothing to complain of, especially as most of these florins were coined at the time when silver was everywhere $15\frac{1}{2}$ compared to gold. What about the United States? The silver dollar weighs 412½ grains—that is to say, 16 gold dollars. It is too heavy. It would have to be replaced by a new dollar weighing $15\frac{1}{2}$ gold dollars—that is to say, 400 grains. This process would afford a profit of nearly three cents per dollar to holders of the silver dollars or of their representative silver

certificates. Moreover, the Federal Government, without any expense, would become owner of the balance remaining (the so-called seigniorage) of the silver bought at a low price from July, 1890, to November, 1893. But these profits would not injure Europe; they have been, so to speak, disbursed in advance by the mine owners who have sold their metal to the Government."

THE WAY GOLD IS LOST.—The *Washington Star* prints the following: The two most eminent living writers on the precious metals, Suess and Soetbeer, have recently published a very alarming statement. It is to the effect that the total amount of gold dug out of the earth annually suffices only to supply the present demand for that valuable substance for use in the arts. Not a bit of the new product of the mines is available for coinage. Trinket use and waste in manufacture exhaust the whole yield. If this is correct, then gold must vanish from circulation before long, because the output of the gold mines of the world is diminishing rather than increasing, and there are few fields left to explore. But Uncle Sam's metallurgists say that it is not so. The writers quoted fail to consider the fact that the gold employed in the arts is utilized over and over again. It goes through a sort of cycle. Articles of jewelry often disappear, but are seldom lost. When through accident they pass out of the possession of the well-to-do, they go to the poor and sharp-eyed, who sell them or pawn them. Thus it is melted up eventually and reappears again in other shapes. This is what is termed the "invisible supply" of that metal. There are a number of unavoidable causes of loss of gold. The first and most important of these is by abrasion. Jewelry loses much weight in that way, especially rings, which are usually 18 carat, and are worn rapidly. Coins suffer much less, but still considerably from wear. All gold leaf is a total loss to the gold stock of the world. Where used for decorative purposes it is never recovered. It is not employed for filling teeth nearly so much as formerly, "porous gold" being substituted. But, of course, the gold utilized for teeth is a total loss, and in the aggregate it is enormous. If it be supposed that the average dweller in cities of this country has 50 cents' worth of gold in his or her mouth, which is placing the figure very low, it will be seen how great is the waste in this form. Each succeeding generation takes so many millions of dollars' worth of the metal from the world's stock in this way. Some gold is lost in remelting, though all possible means are taken to reduce it to the lowest possible figure. Not only are the floors swept and the dirt treated for the recovery of the yellow substance, but the wooden planks are burned eventually with the same object. Even the shoes of each man who works with the metal are subjected to the chemistry of fire yielding a small "button" of the precious material. At Tiffany's workshop in New York each artisan engaged in polishing gold stands inside of a big funnel, with a wide mouth, which has a strong suction draft. This draft takes in all dust and floating particles from the air. It swallows the filaments ground from the buffing wheels, and these, with whatever else has been caught, are deposited in a receptacle, forming a sort of felt. This felt is scraped out, pressed into bricks and burned, being thus made to yield the gold it contains.

EASTERN STATES.

NEW YORK.—The proposal to form a New York State Bankers' Association has been favorably received by the banking fraternity of the State. It has been decided to hold the first meeting in Saratoga Springs, the invitation to meet there, extended by Cashier De Ridder, of the Citizens' National Bank, having been accepted.

NEW YORK CITY.—The committee on admissions of the Clearing House yesterday voted unanimously in favor of admitting to membership the National Union and the Liberty National banks. The full association will undoubtedly accept the report of the committee at a meeting which will probably be held on Friday. The National Union Bank has offices in the Mutual Life Insurance Company's building. Its officers are Joseph C. Hendrix, president; G. G. Haven, vice-president, and E. O. Leech, cashier. The capital is \$1,200,000. The Liberty National Bank has offices at Liberty and West streets. Its officers are Henry C. Tinker, president; Henry W. Maxwell, vice-president, and James Christie, cashier. The capital is \$500,000. The building committee of the Clearing House also met, and gave out contracts for the construction of the new building of the association, in Cedar street.

BROOKLYN, N. Y.—The Brooklyn Savings Bank has moved into its new and magnificent building. This is massive and imposing without, while within there is an abundance of light and every facility for transacting business with facility. Granite, steel and other fireproof materials are the only ones which have been used in the construction. The artistic effects which have been secured are very important. The bank is the oldest institution of the kind in the city. The late Henry P. Morgan was president of the bank for many years, and it was during the latter part of his service that the plans for the new structure were approved, and he watched its completion with great interest until his death.

PENNSYLVANIA.—The annual session of the associated bankers of Eastern Pennsylvania was held at Scranton on the 15th of June. Hon. Theodore Strong, president of the First National Bank of Pittston, called the meeting to order. Cashier A. B. Williams, of the Traders' National Bank of Scranton, made a short address of welcome in behalf of the Scranton Clearing House Association.

Mr. William Hackett, president of the Easton National Bank of Easton, Pa., discussed "State banks and an improved National banking system compared." He gave an interesting description of the operations of the State banks and the innumerable inconveniences and positive losses to which they subjected the public. He contrasted this state of things with the solidity of the National banks and said: "We may well look with dread upon the efforts now being made to destroy the National banking system and to deprive the country of the absolute safety and security afforded by its circulation."

Mr. Hackett said: The business of the world is done very largely on credit. The transactions between nations are made by an exchange of commodities, the balance only being paid in actual money. The enormous business of the banks in our large cities, amounting in one year to upwards of sixty billions, is carried on through their Clearing House by a system of book-keeping, while even the dealings of the humblest depositor are conducted with his bank largely by entries in a ledger. Statistics show that the actual transfer of money in the United States is less than eight per cent. of the total transactions. But it is of the highest importance that this percentage, used in settlement of their vast dealings between debtor and creditor, should be represented by money of unquestioned value. The issue of paper money is one of the necessities of business, but it should represent value. The National Treasury, not being engaged in the banking business, cannot well supply this medium of exchange, because it can only issue paper for the actual disbursement of the Government, and its issue could not be regulated by the laws of supply and demand. But this want has been filled by the National banking system, which gives us a circulation based on the credit of the Government itself, and which is good in the hands of the people whether misfortune may overtake or dishonest men may wreck the issuing bank. We need a currency elastic in character, and which will expand and contract as the necessities of the country may demand, and these banks are well adapted for this purpose, as they would naturally expand or contract their circulation, as the demands of their clientage may require. That this is true is borne out by the fact that from March to October, 1893, the circulation increased thirty-three millions, and, if more profit could have been shown, the increase would have been much larger. Banks do not issue circulation unless at a profit, and we would affirm that the question of a sufficient circulating medium would be settled for good by the enactment of legislation, which would furnish the banks with circulation to the par of bonds deposited as security, said bonds to run thirty years, and to bear interest at the rate of two per cent.

Ex-Comptroller Hepburn, in his report of 1892, shows that the exchange of present bonds for a new two per cent. bond would result in a profit to the Government of sixty-seven millions, so that the people would derive a great profit from the exchange, and would be provided with a currency sufficient for their wants and where safety could not be questioned. It would be only fair to the bank to provide that the tax on circulation should be removed, and that National currency should be counted as part of their legal reserve. Based as it is on United States banks, payable in gold, it is entitled to the legal tender quality as much as silver coin or silver certificates, with their rapid fluctuations and uncertain value.

While the note holders are entirely safe there is no provision for the absolute security of the depositors, except their claim upon the stockholder and the assets of

the banks. It is to the credit of the system to say that since February, 1863, only 246 out of 4,930 banks have been placed in the hands of receivers and upwards of fifty millions have already been paid claims of eighty millions with 131 banks still in process of settlement. While referring to the security of depositors of the National banks, I desire to present to this convention a plan heretofore published by the writer on this subject.

The capital of the National banks, July 12, was.....	\$686,000,000
On which, it is proposed to issue 2 per cent. thirty-year bonds to the amount of 50 per cent. of capital, to be used as a deposit to secure circulation to the par thereof, making.....	343,000,000
At the same date as above, the banks were indebted—	
Individual deposits.....	\$1,556,000,000
Net balance due banks.....	225,000,000
Other liabilities.....	80,000,000
Total.....	\$1,861,000,000
On which it is proposed to buy 15 per cent. in United States 2 per cent. thirty-year bonds at par, the same to be deposited with the Comptroller of the Currency as security for deposits, making.....	279,000,000
Total bond issue.....	\$622,000,000

The capital and liabilities on which the amount of bond issue is based are taken from the Comptroller's report of July 12, 1893. As these amounts must necessarily be variable, the plan would, of course, require a system by which the average could be obtained. This could be had from reports made by the banks to the Comptroller at stated periods for this purpose, from which the average capital and liabilities for a certain period could be calculated and the amount of bonds for circulation and liabilities be determined. The total of bonds to be issued could be fixed, and while the capital and liabilities might rise to such an amount that the percentage thereon might be more than the total issue of bonds, in such case the percentage could be reduced. It is highly probable that the increase in capital and liabilities would not at any time be so much increased as to seriously interfere either with the circulation of the banks or with the amount of liability bonds. And if they did the maximum amount of circulation might be fixed so as to interfere as little as possible with amount of liability bonds deposited.

A provision of law might also be safely enacted, permitting the banks, after an examination by an agent of the Comptroller showing their absolute solvency, to take out circulation to par on two-fifths of their bonds deposited for liabilities, the same to be retired when the emergency is passed and provided always that the banks shall hold not less than twenty per cent. of legal reserve. This would prevent stringency in the currency of the country thus solving to some extent a question which has entered very largely into our present financial distress and increasing the volume of currency to help meet the requirements of business. Under the working of such provision, an emergency like the present might have been relieved by the issue of upwards of \$111,000,000 of new notes (two-fifths of \$279,000,000) to be kept in circulation only as long as the exigencies of the situation might require.

In addition, we would require the banks to hold in legal tender and balances in hands of reserve agents, ten per cent. of all liabilities, so that there would be held for security of liabilities the following amounts:

Fifteen per cent. of liabilities deposited in bonds held by Comptroller	\$279,000,000
Five per cent. reserve on circulation	17,150,000
	\$296,150,000
To which add the 10 per cent. reserve held in bank, etc., on liabilities.....	\$186,100,000
Total equal to 25 per cent. of liabilities.....	\$482,250,000

From tables carefully made, embracing the period from 1865 to 1890 inclusive, it has been shown that the percentage on claims proved was seventy-five per cent., so that the plan proposed of holding twenty-five per cent. in absolute safety would

simplify the situation materially. The position would gain additional strength if it were provided that no bank be permitted to declare and pay dividends until the surplus of twenty per cent. of capital stock required shall first be created, and no dividends be made when the legal surplus shall be in any way impaired. Mr. Hackett then presented tables showing the practical operations of his plan, which was ably elaborated.

Mr. W. H. Peck, cashier of the Third National Bank, this city, spoke felicitously on the subject of "Banking Pleasantries." Mr. Peck said:

When asked to address you to-day, the first thought was—what particular part of banking shall I talk about. Shall it be as to the desirability of a uniform practice among banks in the same city in regard to overdrafts, those bugbears to us all? Or, of uniformity in rules for interest deposits? Or, the advisability of changing the rates of interest paid? Or, shall it be views as to the value of commercial paper compared with bonds as quick assets? But my later thought has been, that as each of the Scranton bankers has his own pet theories on these subjects, I better not ruthlessly disturb the peace that at the present time so beautifully prevails among us. And so my mind has turned to the odd things that have occurred in this business of banking. Loaning money is serious business. Getting it back is often still more serious. But if we recognize them as they occur, we will find in our own experience, and in the experience of others, that this seriousness is occasionally relieved by humorous features. The oldest bank in existence in this country is the Bank of North America, in Philadelphia, which was started by that grand patriot, Robert Morris, in 1781, and was incorporated by Act of Congress. In 1784 the Bank of Massachusetts, in Boston, and the Bank of New York, in New York City, were organized. Fifteen years after Alexander Hamilton had procured the charter for the Bank of New York, Aaron Burr was interested in getting a charter for another bank, but as he anticipated opposition, he asked only for a charter for a water company, and so procured one for the Manhattan Company to supply spring water to New Yorkers. In the charter he had an obscure clause allowing the company to use its surplus capital in any business not inconsistent with the laws of the State. Under this clause the Bank of Manhattan Company does a large business to-day, and to preserve its charter it is very careful to keep a large tank full of water in a building near Centre street. One of the objections to the organization of new banks at the time that charter was procured was that if more banks were formed each large city would want one, and then there would be too many.

Sometimes we find queer thoughts existing in our day as to the practical working of banks and as to what they are for. It was only a few years ago that a man from the beech woods came into a National bank in Scranton and asked for a loan, and on being told that they did not know him, and so did not desire to lend money to him, he urged the matter, and finally getting mad, he thought to clinch his arguments with the assertion that he knew banks were organized to accommodate the public, and if he could not borrow money at that bank it would be reported at Washington. We all desire to stand well at Washington and at Harrisburg, and so it gives me pleasure to be able to say that the report, if made, had no serious effect.

One man who had been importuning a cashier for a loan was finally told: "Now, John, you were never known to do anything promptly, and so I don't care to lend you any money; you would not pay the note when due." And the reply was, "On my honor, I'll pay it promptly when due, cost of protest and all." It was a Kansas City note broker who recently sent to Scranton a list of paper that he offered for sale, and described one note in this way, "This note bears interest at seven per cent. until maturity, and after protest it will bear nine per cent. interest."

I doubt if any Eastern bankers were found who were willing to get it among their "past dues," for the sake of the extra interest. Of course we all lived through the panic of last summer when we saw call loans quoted in New York at seventy-four per cent. interest in June, and then in January of this year saw that some joker on the exchanges felt a contempt for the low rate then prevailing and offered call loans flat, that is, without any interest. In the early stages of the panic, silver was a prime factor on account of the fear that as a nation we might not be able to redeem our currency on a gold basis. It is surprising how touchy the people are in some parts of our country on this silver question. It is said that an Eastern minister was preaching in a Denver pulpit last summer, and in speaking of the New Jerusalem, he mentioned its pearly gates and streets paved with gold, and just then the regular

minister pulled his coat and said, "Put in some silver, my brother, if you want any emigrants from this congregation."

It is related of a banker in the Northwest that on reading the papers he became alarmed at the many failures reported, and so concluded not to loan any more money, and to call in what he had out, not seeming to realize that such a course would only make the hard times worse.

Acting on this plan, it was not long before his depositors were expressing pity that he was so hard up, and some said that if he was in that shape they wanted their money, and soon he found that as a matter of self-preservation he better stop that policy. In the happy time coming it is to be hoped that bankers, borrowers and depositors will learn that their interests are mutual, and when a bank and its customers learn that, the well-managed bank will have nothing to fear from the uneasiness of panicky times, and then it will never be necessary for any one to do as a Western banker did, who last summer found his cash was all paid out, and that he had no quick assets, although his loans were on good notes, and so he had to put up the shutters, and he tacked up this notice:

"This bank owes the public \$37,000.

The public owes this bank \$57,000

When the public pays this bank will pay.

The bank is not busted. It is the public that is busted."

The fact is, that one of the most difficult problems for a banker is to so invest the funds of the bank, that he will have quick assets in such form that his institution will suffer no loss in parting with them in times of public unrest, and so that he has funds for business men who find collections slow at such times, and who desire new loans, as well as to have money for others who wish to draw it out. The bankers who most successfully meet these requirements, provided they are acceptable in other ways, are to my mind the ideal bankers. I presume that our tellers meet with more of the humorous incidents than do any other officers of the banks. During a time when a bank was holding an informal reception before its paying teller's window, a man who had waited in a long line, after having rushed home to get a certificate of deposit, finally had his turn come, and had the opportunity to get his money. He handed his paper to the teller, who asked what he wanted for it. The reply was, "You may cash half of it and give me a new certificate for the balance." The man was informed by the teller that it was a marriage certificate, and he did not care to cash even half of it. Then there was the man who presented a check payable to James Jones, saying that was his name. The teller said "I do not know that you are James Jones, and you will need to bring some one to tell me that is your name."

The man started off, apparently understanding it, but seeming to be in deep thought. Soon he returned, saying, "See here, young man, if I am not James Jones, you just tell me who I am."

It is related that there was in Boston a colored caterer who was employed for all the most stylish parties. When he presented a check and the teller did not know him, he drew back in amazement and said, "Well, all I have to say is that it is very evident that you do not move in the first circles of society or you would know me."

A teller being asked for \$500 in \$5 bills, handed them out, strapped up, and requested that they be counted. After a long time the party stepped back from the desk and said, "Here, this package is wrong," and being questioned as to how much he made it, replied, "I don't know how much there is there, but I made it \$490 once, and then \$475, and then \$485, and so I know it's wrong."

All of us bankers are anxious for business, and sometimes one tries to get up earlier in the morning than his fellows, and so get ahead of them. I wonder if it was one of us who, in anxiety to get collections from out of town, thought to send out a circular saying, among other things, that collections sent to his bank would be remitted for promptly on day of payment, but who found when the circulars came from the printers that he was promising to remit promptly on the day of judgment. You know there is a familiar saying that "money talks," and some one has said, "yes, so it does, but it never gives itself away;" and another has said, "yes, but to most of us it says good-bye."

Col. W. H. Ainey, of Allentown, discussed the question, "Can Our National

Bank System be Perpetuated?" He insisted that the resources and assets of a bank should be of a kind not to be affected by a change of Governmental policy, and to allow the impaired credit of the Government to bankrupt our National banks might be disastrous to the Government itself. The soundest banks are those whose assets are mainly discounted notes. A bank should have other assets besides Government bonds. He preferred a restoration of the profit on circulation which was destroyed by the rapid cancellation of United States bonds. Col. Ainey formulated a complete system of banking, which includes our National system with modifications.

National Bank Examiner C. H. Dengler, of Pottsville, spoke of "The Examiner's Relations to the National Banks." The bank examiner's duties are not all perfunctory. He advocated as a protective measure the placing of all bank employees under bonds. Checks should be cancelled daily. Instances of embezzlement can be traced to failure in this duty. Immediate cancellation will prevent a re-entry of a check in the daily cash book. Bank officers should see to it that cashiers do not invest the funds of a bank in speculative enterprises, such as land companies, insurance schemes and the like. They are risky and lead to temptation. With reference to the Saturday half-holiday with its relation to the time for protesting paper, Mr. Fondersmith, of Lancaster, said it was the general custom to demand between eight and eleven o'clock Saturday morning, but to receive payments during Monday. It was the sense of the meeting that the half-holiday law is crude and generally misunderstood, and while the maturity on Monday applies particularly to banks observing the half-holiday, there seemed to be an uncertainty in the case of banks which do not observe the half-holiday. The body declared itself in favor of observing the half-holiday law.

The officers of last year, as follows, were re-elected to serve for the ensuing year: They are: Theodore Strong, Pittston, President; George Shannon, First Vice-President; Dr. Joseph Thomas, Second Vice-President; Frank M. Horn, Catasauqua, Recording Secretary; O. D. Moser, Reading, Treasurer; Executive Committee, William H. Ainey and Robert E. Wright, Allentown; James M. Jacobs, Pennsburg; John W. Gwyner, Easton; James A. Linen, Scranton; P. M. Carhart, Wilkesbarre.

WESTERN STATES.

BLOOMINGTON, ILL.—The two associations, the Bankers of Illinois and the Private Bankers of Illinois, consolidated on the 14th of June at the time of their annual meeting. There was a good audience in the County Court room when President Frank Elliot, of Jacksonville, called the private bankers to order. The Rev. Mr. Winbigler offered prayer and ex-Governor Fifer welcomed the delegates. Mr. Elliot responded briefly.

A number of reports of committees were read. Mr. Tilden said that the executive committees of the two associations had held two meetings and finally had come to an understanding on the question of consolidation and recommended that the union be formed. The association then adjourned for dinner, and in the afternoon a little discussion ended in adopting the articles of consolidation with the State bankers.

The State Bankers' Association met in the Circuit Court room. Dr. Kane, of Bloomington, invoked the divine blessing, after which, President Frank W. Tracy introduced the Hon. Owen Scott, who made an address of welcome, calling special attention to the importance of the banker's calling and the very prominent place he occupies in the body of worldly industry. When Mr. Scott had finished, the State Bankers' Association proceeded to business. Reports of committees and officers were read and placed on file. Mr. Odell, of Chicago, presented the matter of the union of the two organizations and said his committee would recommend that the step be taken. After dinner this question was passed upon and the new association was formed.

The new association was christened the Bankers of Illinois and the following officers were elected:

President—E. S. Dreyer, Chicago.

First Vice-President—W. P. Halliday, Cairo.

Secretary—Edward Tilden, Chicago.

Treasurer—A. B. Hoblit, Bloomington.

Vice-Presidents—H. H. Harris, Chicago; James McKinney, Alledo; H. L.

Turner, Chicago; B. F. Caldwell, Chatham; W. J. Rearick, Ashland; Lorenzo Bull, Quincy; W. T. Richards, Chicago; George E. King, Rockford; E. Mattison, Gibson; R. Wangelin, Belleville; Holmes Hoge, Chicago; F. Hoblit, Lincoln; H. H. Marbold, Greenview; F. W. Tracy, Springfield; L. A. Goddard, Chicago; J. Milliken, Decatur; C. H. Turner, Pekin; Frank Elliot, Jacksonville; H. B. Dox, Chicago; C. H. Talcott, Joliet.

Executive Committee—M. W. Busey, Urbana; A. E. Ayers, Jacksonville; Phil Mitchell, Rock Island; G. W. Evans, Mount Vernon; H. W. McCoy, Cuba.

A number of papers touching upon the banking business were read. Prof. Kinley, of the University of Illinois at Champaign, read a paper on "Financial Crises." He said the present panic was due to the silver legislation of 1890; that when a panic was advancing, bankers should adopt a policy of contracting the currency and when it was receding of expanding it. A paper from State Auditor Gore was read. He gave a long and interesting review of the history of State banks in Illinois, beginning with the first bank at Kaskaskia. He said, that as a general thing directors give too little attention to the business of the bank; that directors should not accept the trust unless they fully intend to give the business much of their time and best thought and earnest endeavor.

CHICAGO.—The world pays willing homage to the successful man whose methods are clean and honorable. Lyman J. Gage, president of the First National Bank of Chicago, one of the great financiers of the country, is such a man. He is of English descent and fifty-eight years of age. He was born at De Ruyter, New York, the son of Eli A. and Mary (Judson) Gage. Both of his parents are also natives of New York, though their immediate ancestors were residents of New England, where both the Gages and the Judsons were early settlers. At the age of ten years he entered the academy at Rome, N. Y., and studied four years, when it became necessary for him to earn his own living. His first employment on salary was in the Rome post office, at fourteen years of age. When only fifteen he discharged the duties of mail agent on the Rome and Watertown Railroad. In 1854 he engaged as a clerk in the Oneida Central Bank for the munificent salary of \$100 a year, and resigned after serving eighteen months, because the bank was unable or unwilling to increase his salary. Such narrowness and illiberality did not accord with his ambition and liberal views. He believed there existed a broader field in which the capable boy, with energy and persistence, could secure advancement and find opportunity for the utilization of all his powers.

The great West was then attracting the brightest sons of the East and presenting to them the courted opportunity. Mr. Gage came to Chicago in 1855, when nineteen years of age—the best place for a man with capabilities equal to his ambition and his courage. He did not enter at once upon a career of conquest leading to a speedy triumph. Without capital or influential friends, in a young and pushing city, whose history marks the survival of the fittest, he entered the contest and proved himself more than a bread-winner. The banks had their complement of help and for want of something more inviting he took service in a lumber yard and planing mill. His work included all branches of the business from bookkeeping to loading lumber and driving a team. He regarded no present service as menial which was a necessary preparation or stepping stone to future employment more congenial and lucrative.

For three years he pursued uncomplainingly this vocation as the best available, and then the awful depression came. The financial crisis of 1858 wrought ruin to thousands of business men and enterprises, and set an army of tramps on the march for bread without work. Lyman Gage was one of many thousands who lost position, through no fault of his own. Though his firm suspended business it was necessary to protect its property, and he became night watchman. Preferring such service to idleness showed the genuine spirit of this morally courageous young man. The willingness to engage in any honorable or useful employment that was self-sustaining widened a spirit of independence that usually wins. He performed well and faithfully the duty of the hour, and this proved his capacity for something better.

His service as watchman continued only six weeks, until, in August, 1858, he was called to the position of bookkeeper in the Merchants' Savings Loan and Trust Company, on a salary of \$500 a year. This was the opportunity for which he had labored in other pursuits. It opened the avenue to limitless possibilities and signal-

ized his entrance upon a career as banker and financial manager unsurpassed in the annals of banking throughout the world. The opportunity to start given, he could be depended upon for the outcome. In five months he was paying teller at \$1,200, and six months later was assistant cashier at \$2,000 a year. After serving one year in that position he was promoted to the office of cashier, which he filled until August, 1868, thus rounding out a complete decade of service with the trust company.

The First National Bank, eager to avail itself of the highest order of talent and best experience, tendered Mr. Gage a tempting offer, which induced him to accept its cashiership. His abilities had been recognized by old financiers of Chicago. He displayed a genius for banking. His services in the lower and intermediate grades educated him in all the details and all the intricacies of the business. He became thoroughly familiar with the a, b, c, as well as the calculus and the philosophy of finance. The First National afforded the broadest possible scope for the exercise of the capacities and qualities which are the evidences of greatness and the factors of success. He was in all respects equal to the position and the opportunity. When the bank was reorganized under its new charter in 1882 he was elected vice-president and manager, a position which brought him more directly in touch with the prominent financiers of the country. The same year he was elected president of the American Bankers' Association, a position filled with such acceptability as to secure unanimous re-election to a second and a third term—a compliment which he modestly declines to accept as personal, but rather as a tribute to the commercial interests and influence of the gigantic young city which he had the honor to represent in the association. After nine years of service as vice-president and manager he was elected president of the bank in January, 1891. He had, in fact, discharged the executive duties for a considerable period prior to that time, on account of the failing health of Mr. Nickerson, the old president, who was permitted to retain the presidency by courtesy.

The accession of Mr. Gage to the chief executive office and his able management accentuated the leadership of the First National Bank of Chicago among all the financial institutions of the West. With a capital stock of three millions and a surplus of three millions more, it has deposits of thirty million dollars, and loans for half that sum, even in these uncertain times, when caution is commended and conservatism in banking is a prime virtue. Only two banks in the United States carry larger deposits, and, perhaps, all conditions considered, it is the third bank in the world—the Bank of England and the Chemical National of New York only excelling it.

Lyman J. Gage occupies the same relative position among bankers which is occupied by Marshall Field among merchants. And yet, possibly, the largest measure of his influence is exerted outside of banking circles. For many years he has actively supported every worthy enterprise or valued public work. When Chicago became a competitor for the World's Columbian Exposition he was chairman of the committee sent to Washington in behalf of the city. When the advocates of New York expressed doubt as to the ability of Chicago to raise the required bonus he and three other gentlemen signed a written guarantee, pledging ten million dollars. When the Columbian Exposition Company was organized he was elected its first president, and held the organization steady during the tumultuous local contest over the site to be selected for the fair. No man was better qualified than he to carry the organization through the crucial period, involving the settlement of preliminary and threshold questions.

The money had to be raised; the site chosen, and all of the clashing interests harmonized. His broad and correct views, thorough knowledge of the whole situation and wise diplomacy gave him a mastery of the situation. Under his executive management the foundations were laid so broad and substantial, with such comprehensive intelligence and adaptation that the work of his successors was greatly simplified.

Upon his election to the presidency of the bank he resigned the presidency of the Exposition Company; but retained a position on the directory until the exposition closed. He was chairman of the bankers' section of the World's Congress; was one of the chief promoters of the art institute. He has for many years been a conscientious student of economic questions, and especially the relations of capital and labor. At one time public conferences were held in Chicago between the employers of labor on the one side and the chosen representatives of labor organiza-

tions on the other. Among the speakers most frequently called upon to address these meetings, on economic subjects, was Lyman Gage. He has one of the most valuable and carefully selected libraries in the State, and he reads the books. His information covers a wide range of subjects and is very thorough. As a public speaker his style is pleasing, direct, forcible. He knows precisely what he desires to say and says it with candor and clearness.

His political alliance has been with the Republican party from the beginning, when its position was taken on social and moral questions, involving personal and civil rights, rather than tariff schedules. Like all great business men he refuses to surrender the right of private judgment and individual action by subscribing to a partisan creed which commands unvarying allegiance in municipal affairs. In such matters he places the civil service above party interests. When the civic federation was organized last winter to take the lead in municipal reform he was chosen president. He has recently returned from a tour of the continent of Europe with a few other distinguished Chicagoans, in which some valuable collections were secured for the Field Columbian Museum.

Mr. Gage is a gentleman of fine presence distinguished bearing and quiet dignity. He is familiar with the whole range of English literature; is a lover and patron of art, enjoys an acquaintance with financial, political and social leaders of the present age, equaled by that of few living men. He possesses a tranquil, rather judicial temperament and a cordial manner which causes a visitor to feel at ease in his presence. He has clear-cut views on all subjects, and therefore is freely and frequently consulted. If one were to inquire of a given number of average Chicagoans who is their leading citizen, it is probable that three-fourths of them would answer without hesitation, "Lyman Gage." His ability as a financier and position as head of the greatest Western bank; his activity and liberality in support of all measures for the public good; his prominence in society, in art, music, literature and politics; his exalted character, tested by all the commercial and moral standards, would justify the consensus of opinion. He is a social gentleman, a member of the Chicago Union League, Commercial and Bankers' clubs and a supporter of Prof. Swing's independent church.—*Kansas City Star*.

DES MOINES, IA.—The eighth annual session of the Iowa Bankers' Association opened on the 13th of June. One hundred delegates were present. President W. A. McHenry, of Denison, called the meeting to order. Simon Casady made the address of welcome, Charles T. Cole, of Corning, responded. John McHugh, of Cresco, a bank examiner, read a paper upon "The Lessons of 1893." George H. Carr, of Emmetsburg, spoke of "The Banker and His Lawyer." Hon. Hoyt Sherman, of Des Moines, gave the history of the Iowa State Bank of 1860, and Senator L. W. Lewis, of Seymour, spoke of banking legislation. In the evening the visitors were given a reception and banquet by the local bankers. The following officers were elected: President, Simon Casady, Des Moines; Vice-President, F. H. Helsel, Sioux Rapids; Secretary, J. M. Dinwiddie, Cedar Rapids; Treasurer, Thomas D. Lackman, Atlantic. By a vote of 40 to 32 the association laid the resolution indorsing the issue of clearing-house certificates of the New York Clearing House during the panic, on the table. Resolutions were adopted favoring the abolition of days of grace and making Washington's birthday a holiday.

TOPEKA, KANSAS.—The supreme court has decided the much discussed case of Alfred Blaker against Hood & Kincaid and O. E. Morse, from Linn County, holding that the State banking law is valid and that the bank commissioner has a right to take charge of insolvent concerns. The case involved the Hood & Kincaid bank failures in Linn County a year ago. The court holds:

"The provisions of the constitution authorizing the organization and control of banks of circulation do not limit the legislative powers or operate to prohibit the enactment of laws imposing reasonable regulations upon banks of deposit and discount.

"The act providing for the organization and regulation of banks is held to be within the scope of the police power of the State and not an unconstitutional infringement of private rights.

"The act does not contravene the constitutional provision which requires that 'no bill shall contain more than one subject, which shall be clearly expressed in its title.'"

DETROIT, MICH.—The Citizens' Savings Bank has signed a lease of the southwest corner of the new Chamber of Commerce, and Stephen Baldwin, chairman of the building committee, says another bank is negotiating for a place in the building. The quarters of the Citizens' Bank will take in the entire corner, running from the Griswold street entrance to the State street entrance, and will include a large storage vault, commodious lunch room, coat room, etc., in the basement.

MINNEAPOLIS, MINN.—Capt. John Martin is the new president of the First National Bank. At a meeting of the board of directors the resignation of Henry G. Sidle, as president, was received and accepted very reluctantly and because of Mr. Sidle's request. For thirty years he has given close attention to the affairs of the bank, and he resigns because of ill health and a desire to free himself from the confinements of business. The board of directors expressed their regret in taking the step which took from their head a man for whom they felt so much regard. The election of Capt. Martin was unanimous. He is one of the pioneer residents of this city and known to all as a successful business man of large wealth, and who has been connected with the bank from its beginning. Mr. Sidle will still remain as a member of the board of directors.

MISSOURI.—At the annual convention of the Missouri Bankers' Association the following officers were elected for the ensuing year: President, J. P. Huston, Marshall; first vice-president, C. W. Seeber, Higginsville; second vice-president, Breckinridge Jones, St. Louis; third vice-president, W. T. Bigbee, Springfield; secretary and treasurer, Frank P. Hays, Lancaster; assistant secretary and treasurer, George B. Harrison, Jr., Glasgow. The committee to award the solid silver loving cup to the best paper presented at the meeting decided that the paper on "Real Estate Loans for Banks and Banking Institutions" deserved the cup, and it was accordingly awarded to Breckinridge Jones, of the Mississippi Valley Trust Company.

ST. LOUIS.—Mr. Perry Bartholow, who has been appointed Consul at Plauen, Germany, is a young gentleman well known in banking and financial circles of this city, having been quite prominently identified with the banking interests of St. Louis ever since he arrived at manhood. He is a son of Gen. Thomas J. Bartholow, for many years president of the well-known banking house of Bartholow, Lewis & Co., now known as the Laclede National Bank. The family originally came from Glasgow, Howard County, Mo., where the subject of this sketch was born. He was educated at Stuttgart, Germany, where he took a successful five years' mercantile course, and upon his return to St. Louis entered his father's banking house as a clerk. He resigned from the bank to accept the position of secretary of the St. Louis Gaslight Company, which position he held for several years. After his retirement he made a trip to Texas and Old Mexico, and upon his return to this city, about four years ago, entered the Citizens' Bank, where he has been ever since. Mr. Bartholow married a daughter of ex-Governor Fletcher. He has no family. He expects to continue in his present position at the Citizens' Bank until about the 1st of July, when he will assume the official duties to which he has been appointed.

KANSAS CITY, MO.—The quarterly reminder of the failure of the Mastin Bank has been filed in Judge Slover's court. Assignee William B. Teasdale filed his regular term report. It shows receipts—nil and disbursements—\$12, leaving on hand a balance of \$4,819. The Mastin Bank failed more than fifteen years ago, and its assets have nearly all been distributed.

SOUTHERN STATES.

MOBILE.—The fifth annual meeting of the Alabama Bankers' Association met at Point Clear Wednesday, June 13th, President E. B. Young presiding. The president read his annual address, congratulating the members that the financial storm had passed and that they emerged from "Dark Days" with such a fine record. Treasurer T. S. Plowman submitted his report, which went to the Auditing Committee. The committee appointed to select officers reported as follows, and the officers were elected by acclamation: W. H. Lienkanf, president; J. H. Romer, Sr., vice-president; T. O. Smith, secretary; T. S. Plowman, treasurer; E. F. Enslen, J. A. Moore, D. LeGrand, John Mooring and F. S. Moody, Executive Committee.

ATLANTA, GA.—The following officers were elected at the convention of the State Bankers' Association: President, T. B. Neal, Atlanta; first vice-president, G. Gunby Jordan, Columbus; second vice-president, C. H. Olmstead, Savannah; third vice-president, Joseph S. Davis, Albany; fourth vice-president, L. C. Hayne, Augusta; fifth vice-president, John H. Reynolds, Rome; secretary, L. P. Hillyer, Macon; treasurer, J. W. Cabaniss, Macon; Executive Committee, John A. Davis, Albany; H. H. Crane, Savannah; G. A. Speer, LaGrange; R. J. Lowry, Atlanta; W. A. Wilkins, Waynesboro; J. G. Rhea, Griffin; W. S. Witham, Atlanta; B. W. Hunt, Eatonton; W. E. Kay, Brunswick.

The new president of the Georgia Bankers' Association, Thomas B. Neal, is one of the leading financiers of this region of the South. He has for a number of years been engaged in the banking business as president of the Neal Loan and Banking Company. Mr. Neal inherited his talent for running a bank. He is a born financier, and knows all about the intricate ways of pulling banks out of hard times and panics to success. His course as president of the Neal Loan and Banking Company has been the building up of one of the finest banking institutions in this section of country. His reputation among bankers is such as has won for him golden opinions in the fraternity, and he has always been regarded as one of the most popular members of the association. His unanimous election to the office of president of the association and the applause that greeted his nomination all go to show how he has established himself in the good opinion and high esteem of his fellow bankers in this State. For the past six or eight months Mr. Neal has been president of the Atlanta Clearing House Association, and as such has handled the affairs of the Atlanta banking institutions in a most successful manner.

ATLANTA, GA.—The Southern Banking and Trust Company has recently made a change in its field of work, which is of great importance to the business community of Atlanta and of the State. This company, after four years in the regular deposit banking business, decided recently to give up the receiving of deposits subject to check and to devote its resources and unequalled connections in the future to the carrying on and building up of a trust company business. The fact that a company with such a large capital and with such progressive management and wide connections has entered this field of business will readily be seen to be an important matter for the financial world and to mark a new era in Atlanta, it being the first company to make this move. Its officers and directors are among our most progressive and enterprising citizens, and their names are a guarantee that the affairs of the company will be conservatively managed. There is room for a very large trust business to be built up in Atlanta and Georgia, and the Southern Banking and Trust Company has shown great foresight in being the first to occupy the field. It is in every way advisable for people who contemplate the borrowing of money on improved real estate in the city that they confer directly with the company and not through brokers. The president of the company, Mr. H. M. Atkinson, has intimate business relations with a large number of men prominent in financial matters in the East, and through these connections can supply money in large sums. Mr. Atkinson has been already instrumental in bringing to Atlanta more than a million dollars for investment and loans. He has the confidence of eastern capitalists, and large sums will continue to find their way here through his instrumentality.—*Atlanta Journal*.

NEW ORLEANS, LA.—The bankers and financiers of New Orleans are very much interested in the securing of the passage of a law abolishing the three days of grace that are allowed upon notes, drafts and other financial paper. The movement in the financial circles of this city is the result of the passage by the New York Legislature of such a law on the 9th of May last. Several other States have passed the same law. The following petition has been circulated and has been most numerously signed: "To the Honorable Senators and Representatives of the General Assembly, Baton Rouge, La.: Gentlemen—We, the undersigned bankers and merchants of the city of New Orleans, respectfully represent and petition the General Assembly, through you, that our belief that it is to the interest of commerce and in consonance with the laws of many States, particularly those of the largest banking and commercial centers, that 'days of grace' should be abolished, to take effect on the 1st day of January, 1895. To that end, we respectfully submit herewith copy of the Act, passed by the General Assembly of the State of New York

at the late session May 9, 1894, and respectfully request that you consider and pass a similar Act, to be in force on the 1st day of January, 1895."

BALTIMORE, MD.—At a recent meeting of the Clearing House Association plans were discussed for the reception and entertainment of the bankers and others who will attend the meeting of the National Bankers' Association in Baltimore October 8, 9 and 10 next. The whole matter was referred to the executive committee, which will appoint the necessary sub-committees. The committees will be named in time to arrange for the entertainment of the visitors. It is probable that business men of Baltimore not connected with the banks will be asked to assist in looking out for the comfort of the visiting bankers.

FOREIGN.

BANK OF GERMANY.—The Bank of Germany, like most other German public buildings, has a military guard to protect it. In a very strongly fortified military fortress at Spandau is kept the great war treasure of the Imperial Government, part of the French indemnity, amounting to several million pounds.

WINNIPEG, MAN.—An immense deposit of auriferous ore in one mass, a mile wide by two miles long, is reported to have been discovered between Rat Portage and Port Arthur, seventy miles south of the Canadian Pacific Railway. Assays average \$8 in gold and \$4 in silver. Geologists have expressed the opinion that the deposit may be from 8,000 to 10,000 feet deep.

Sterling exchange has ranged during June at from 4.88½ @ 4.89½ for sight, and 4.87 @ 4.88 for 60 days. Paris—Bankers', 5.15½ @ 5.15 for sight, and 5.17½ 1-16 @ 5.16½ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.87 @ 4.87¾; bankers' sterling, sight, 4.88 @ 4.89; cable transfers, 4.88¾ @ 4.89½. Paris—bankers', 60 days, 5.17½ 1-16 @ 5.16½ 1-16; sight, 5.15 1-16 @ 5.15. Antwerp—Commercial, 60 days, 5.18¾ 1-16 @ 5.18½ 1-16. Berlin—Bankers', 60 days, 95 5-16 @ 95¾; sight, 95 11-16 @ 95¾. Amsterdam—Bankers', 60 days, 40¼ @ 40 5-16; sight, 40¾ @ 40 7-16.

The reports of the New York Clearing-house returns compare as follows:

1894.	Loans.	Specie.	Legal Tender.	Deposits.	Circulation.	Surplus.
June 2..	\$464,993,600	\$79,018,600	\$121,981,100	\$572,138,400	\$9,933,600	\$77,965,100
" 9..	465,403,700	100,475,500	119,162,800	570,880,200	9,903,500	76,918,250
" 16..	465,721,600	90,889,600	119,107,000	570,483,700	9,823,000	76,376,575
" 23..	468,183,400	98,462,900	121,501,600	573,656,500	9,739,600	76,355,375
" 30..	470,044,100	92,486,400	125,651,400	573,337,800	9,688,000	74,803,350

The Boston bank statement is as follows:

1894.	Loans.	Specie.	Legal Tender.	Deposits.	Circulation.
June 2.....	\$169,362,000	\$10,700,000	\$10,419,000	\$166,012,000	\$7,128,000
" 9.....	170,973,000	10,680,000	10,273,000	167,672,000	7,132,000
" 16.....	171,092,000	10,042,000	10,291,000	169,400,000	7,370,000
" 23.....	172,581,000	11,122,000	10,556,000	169,134,000	7,286,000
" 30.....	174,140,000	11,208,000	10,185,000	170,329,000	7,225,000

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1894.	Loans.	Reserves.	Deposits.	Circulation.
June 2.....	\$104,103,000	\$39,614,000	\$116,497,000	\$4,807,000
" 9.....	104,376,000	39,870,000	115,698,000	4,777,000
" 16.....	105,177,000	40,050,000	117,372,000	4,799,000
" 23.....	105,596,000	39,621,000	116,512,000	4,812,000
" 30.....	106,024,000	38,696,000	116,297,000	4,840,000

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money in New York have been as follows:

QUOTATIONS:	June 4.	June 11.	June 18.	June 25.
Discounts.....	4½ @ 6	3½ @ 4	4½ @ 5½	4½ @ 5½
Call Loans.....	"	"	"	"
Treas. balances, coin.....	\$87,899,836	\$88,270,745	\$86,596,767	\$84,544,165
Do. do. currency.....	58,255,939	58,341,678	57,202,992	55,080,961

NEW BANKS, BANKERS AND SAVINGS BANKS.

(Monthly List, continued from June No., page 953.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondents.</i>
COL....	La Junta.....	Home Bank.....	T. M. Dickey, P. T. F. Doty, <i>Cas.</i>
		M. C. Stephens, <i>V. P.</i>	
DAK. S.	Chamberlain...	Bank of Iowa & Dakota...	C. D. Tidrick, P. J. W. Warnshuis, <i>Cas.</i>
	..Irene	State Bank.....	Jacob Schaetzel, Jr., P. E. D. Skillman, <i>Cas.</i>
GA....	Tennille	Farmers & Merchants Bk.	
	\$25,000	Wm. S. Witham, P. John A. McCrary, <i>Cas.</i>	
		Iverson Lord, <i>V. P.</i>	
	..Way Cross	First National Bank.....	
	\$50,000	C. C. Grace, P. J. E. Wadley, <i>Cas.</i>	
ILL....	Alexis.....	First National Bank.....	Hanover National Bank.
	\$50,000	Henry Tubbs, P. Charles A. Tubbs, <i>Cas.</i>	
		J. P. McClanahan, <i>V. P.</i> Charles E. Johnson, <i>Asst.</i>	
	..Cerro Gordo...	State Bank.....	Hanover National Bank.
	\$25,000	John N. Dighton, P. Melvin Welty, <i>Cas.</i>	
		Frank V. Dilatush, <i>V. P.</i>	
	..Edinburg	B. A. Turner.....	Lyman E. Swigert, <i>Cas.</i>
	..Elmhurst	Bank of Henry L. Glos....	
	..Farmer City...	Old First National Bank..	Chase National Bank.
	\$50,000	R. O. Crawford, P. I. F. Houseman, <i>Cas.</i>	
		Jacob Swigert, <i>V. P.</i> D. L. Fuller, <i>Asst.</i>	
IND....	Brookston.....	Farmers Bank	
		Ino. P. Carr, P. M. E. Bennett, <i>Cas.</i>	
		Jos. H. Kiouss, <i>V. P.</i>	
	..Kendallville ...	Campbell & Fetter.....	Fred. L. Bluhm, <i>Cas.</i>
IOWA...	Atkins.....	Atkins Savings Bank.....	
	\$15,000	Thomas G. Armstrong, P. John P. Young, <i>Cas.</i>	
		Joseph Owens, <i>V. P.</i> Geo. Renderkrecht, <i>Asst.</i>	
	..Britt	First State Bank.....	Chase National Bank.
	\$25,000	George W. Beadle, P. Paul F. Cooper, <i>Cas.</i>	
		C. P. Lewis, <i>V. P.</i> F. L. Wacholz, <i>Asst.</i>	
	..Clearfield.....	Farmers State Bank.....	Chemical National Bank.
	\$25,000	J. K. Hartman, P. Wm. A. Ferren, <i>Cas.</i>	
		Z. Beamer, <i>V. P.</i>	
	..Newhall.....	Newhall Savings Bank....	
	\$15,000	Chas. B. Chenoweth, P. William H. Hawkins, <i>Cas.</i>	
		Thos. Mason, <i>V. P.</i>	
	..Scranton	State Bank.....	Chemical National Bank.
	\$25,000	Robert Eason, P. John P. Minchen, <i>Cas.</i>	
		A. N. Quint, <i>V. P.</i> J. B. Gorland, <i>Asst.</i>	
	..Wilton.....	Wilton Savings Bank.....	
	\$30,000	Albert A. Cooling, P. John M. Rider, <i>Cas.</i>	
		F. A. J. Gray, <i>V. P.</i>	
KAN....	Kansas City...	Merchants Bank	Hanover National Bank.
	\$40,000	John V. Andrews, P. Kenneth L. Browne, <i>Cas.</i>	
		E. S. W. Drought, <i>V. P.</i> Evan H. Browne, <i>Asst.</i>	
	..Marion	First State Bank.....	Third National Bank.
	\$10,000	Harry E. Mason, P. Chas. H. Curtis, <i>Cas.</i>	
		H. C. Blum, <i>Asst.</i>	
KY..	Louisville.....	American National Bank..	
	\$800,000	J. H. Lindenberger, P. Charles Warren, <i>Cas.</i>	
		Logan C. Murray, <i>V. P.</i> H. C. Truman, <i>Asst.</i>	
ME....	Phillips.....	Phillips National Bank....	
	\$50,000	N. B. Beal, P. Harry H. Field, <i>Cas.</i>	
MICH...	Constantine ...	First State Bank.....	First National Bank.
	\$30,000	George I. Crossett, P. W. N. Harvey, <i>Cas.</i>	
		S. B. Hagenbuch, <i>V. P.</i> Geo. C. Harvey, <i>Asst.</i>	

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
MINN....	Barnesville.....	First National Bank.....	American Ex. Nat. Bank.
	\$50,000	F. F. Kenaston, <i>P.</i> Charles R. Oliver, <i>Cas.</i>	
	.. Claremont	Bank of Claremont	
		McDonald Williams, <i>P.</i> Jno. L. Blanch, <i>Cas.</i>	
		Wm. Williams, <i>V. P.</i> W. Westcott, <i>Asst.</i>	
MISS....	Columbus	First State Bank.....	Hanover National Bank.
	\$75,000	W. C. Richards, <i>P.</i> R. T. Williams, <i>Cas.</i>	
		J. D. Morgan, <i>V. P.</i>	
MO....	Liberal.....	Exchange Bank.....	
		Geo. W. Baldwin, <i>P.</i> R. L. Baldwin, <i>Cas.</i>	
	.. Stanberry.....	Commercial Bank.....	
	\$20,000	Josiah C. Liggett, <i>P.</i> James J. Honan, <i>Cas.</i>	
		L. E. Miller, <i>V. P.</i> Seth B. Hinkley, <i>Asst.</i>	
NER....	Lushton	First State Bank.....	Kountze Bros.
	\$5,000	Lindley M. Street, <i>P.</i> C. H. Hansell, <i>Cas.</i>	
		T. J. Farber, <i>V. P.</i>	
	.. Stockville.....	Farmers & Mer. State Bk..	
	\$5,000	J. H. Dauchey, <i>P.</i> H. H. Griffith, <i>Cas.</i>	
		C. O. Marcellus, <i>V. P.</i>	
N. H....	Exeter.....	Exeter Banking Co.....	
		Geo. A. Wentworth, <i>P.</i> C. E. Byington, <i>Cas.</i>	
		E. G. Eastman, <i>V. P.</i>	
N. Y....	Afton.....	Church & Hill.....	Chase National Bank.
		Marshall G. Hill, <i>P.</i> Geo. L. Church, <i>Cas.</i>	
		Fred. Church, <i>V. P.</i>	
	.. Andover.....	Andover State Bank	Chase National Bank.
	\$25,000	B. C. Brundage, <i>P.</i> J. M. Brundage, <i>Cas.</i>	
		James Owen, <i>V. P.</i>	
	.. Mayville	State Bank.....	First National Bank.
	\$25,000	Charles C. Minton, <i>P.</i> C. R. Cipperly, <i>Cas.</i>	
		J. Franklin Hunt, <i>V. P.</i>	
	.. Schenevus	Schenevus National Bank..	Hanover National Bank.
	\$50,000	Simon R. Wilson, <i>P.</i> George Lovell, <i>Cas.</i>	
N. C....	Wilmington....	Nat. Bk. of Wilmington. .	National Park Bank.
	\$100,000	Jno. S. Armstrong, <i>P.</i> L. L. Jenkins, <i>Cas.</i>	
		Jas. H. Chadbourn, Jr., <i>V. P.</i>	
OHIO....	Akron.....	Citizens National Bank	National Park Bank.
	\$150,000	E. Steinbacher, <i>P.</i> D. P. Wheeler, <i>Cas.</i>	
		Henry Robinson, <i>V. P.</i> Henry Fenchter, <i>Asst.</i>	
	.. Cleveland.....	Lamprecht Bros. Co.....	
		Wm. H. Lamprecht, <i>P.</i> G. O. Lamprecht, <i>Tr.</i>	
	.. Wellington....	Home Savings Bank	Ninth National Bank.
	\$25,000	William Vischer, <i>P.</i> Rollin A. Wilbur, <i>Cas.</i>	
		Garrett E. Spitzer, <i>V. P.</i>	
OKL. T. N.	Pond Creek. Traders Exchange Bank...		
		Frank Royse, <i>P.</i> D. M. Stackhouse, <i>Cas.</i>	
	.. Stillwater.....	Stillwater Bank.....	Chase National Bank.
	\$30,000	Shelly W. Keiser, <i>P.</i> Lewis C. Parmenter, <i>Cas.</i>	
		Seth Parmenter, <i>V. P.</i>	
PA....	Huntingdon....	Union National Bank.....	Chase National Bank.
	\$50,000	Harry J. McAteer, <i>P.</i> Robert J. Mattern, <i>Cas.</i>	
		Henry B. Brumbaugh, <i>V. P.</i>	
TEXAS..	Jacksonville....	J. W. Shipman & Co.....	S. M. Swenson & Sons.
	.. Midlothian....	First Bank of Midlothian.	Southern National Bank.
	\$25,000	M. A. Smith, <i>P.</i> Clayton S. Smith, <i>Cas.</i>	
VA....	Rural Retreat..	Augsburg Bk. (Re-opened)	Hanover National Bank.
	\$6,615	C. T. Pepper, <i>P.</i> Jno. W. Eiffert, <i>Cas.</i>	
		S. Buck, <i>V. P.</i>	
WIS....	La Crosse.....	German-American Bank...	American Ex. Nat. Bank.
	\$50,000	Adam Kroner, <i>P.</i> Jos. Botchert, <i>Cas.</i>	
		David H. Palmer, <i>V. P.</i> John A. Boyer, <i>Asst.</i>	
	.. Waupaca.....	Exchange Bank.....	Chase National Bank.
	\$5,000	Isaac M. Dakin, <i>Cas.</i>	
WYO ..	Sheridan.....	Sheridan Banking Co.....	
	\$10,000	Edward A. Whitney, <i>P.</i> Allen S. Burrows, <i>Tr.</i>	
		J. P. Robinson, <i>V. P.</i>	

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from June No., page 956.)

<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
N. Y. CITY. Hide & Leather Nat. B'k.	{ D. S. Ramsay, <i>P.</i> Chas. B. Fosdick. Thos. Keck, <i>2d V. P.</i> D. S. Ramsay.	
" .. Merchants National Bank.	{ Joseph W. Harriman, <i>Asst.</i>	
ARIZ. ... Phoenix National Bank.	{ A. H. Harscher, <i>Cas.</i> E. J. Bennett. Phoenix. D. A. Abrams, <i>Asst.</i>	
ARK. ... Arkansas Valley Bank, Ozark.	{ H. C. Carter, <i>P.</i> James Sewell.	
CAL. ... Bank of Cloverdale.	{ Wm. T. Brush, <i>P.</i> I. E. Shaw.	
" .. Home Savings Bank, Eureka.	{ J. B. Casterlin, <i>Cas.</i> Ed. Everding.	
" .. Bank of Napa.	{ Henry Brown, <i>Cas.</i> C. R. Gritman.*	
" .. First Nat. Bank, San Francisco.	{ James K. Lynch, <i>Cas.</i> E. D. Morgan. W. S. Iliff, <i>V. P.</i> M. Barth.	
COL. ... City National Bank, Denver.	{ B. N. Freeman, <i>Cas.</i> W. S. Iliff. D. K. Drake, <i>Asst.</i> Geo. S. Fraser.	
" .. First Nat. Bank, Telluride.	{ J. M. Jardine, <i>Asst.</i>	
CONN. ... Security Co., Hartford.	{ John C. Parsons, <i>P.</i> Robert E. Day.*	
DAK. N. Red River Valley B'k'g Co., Fargo.	{ W. H. Wright, <i>P.</i> A. H. Hazen. W. E. Gates, <i>V. P.</i> W. H. Wright.	
" .. Bank of Inkster, Inkster.	{ L. Bemis, <i>P.</i> V. E. Bemis. V. E. Bemis, <i>Cas.</i> C. W. Doud.	
DAK. S. Bank of Pukwana, Pukwana.	{ C. D. Tidrick, <i>P.</i> E. B. Taft. H. Tidrick, <i>Cas.</i> L. M. Taft.	
FLA. ... First National Bank, Ocala.	{ W. S. Bullock, <i>V. P.</i> W. H. Couch. C. J. Huber, <i>Cas.</i> A. McIntyre.	
" .. Sanford Loan & Trust Co., Sanford.	{ Gilbert Hart, <i>P.</i> C. C. Haskell. C. H. Leffler, <i>V. P.</i> P. J. Parramore.	
ILL. ... First National Bank, Anna.	{ John H. Mitchell, <i>V. P.</i> J. H. Spann.	
" .. Globe Savings Bank, Chicago.	{ C. M. Jackson, <i>Cas.</i> A. B. Camp.	
" .. First National Bank, Marion.	{ Shannon Holland, <i>P.</i> J. W. Westbrook. J. B. Bainbridge, <i>V. P.</i> Shannon Holland.	
" .. Bank of Sparta, Sparta.	{ W. R. Borders, <i>P.</i> Jas. J. Borders. A. Crozier, <i>Cas.</i> W. R. Borders.	
IND. ... City National Bank, Goshen.	{ C. J. Garvin, <i>Cas.</i> Thos. H. Daily. La Mar Gillette, <i>Asst.</i> C. J. Garvin.	
IOWA. ... First National Bank, Decorah.	{ E. R. Baker, <i>Cas.</i> Geo. Q. Gardner.*	
" .. State Bank, Laurens.	{ B. L. Saum, <i>Cas.</i> B. L. Allen.	
" .. City National Bank, Marshalltown.	{ D. T. Denmead, <i>P.</i> Jas. L. Williams.* C. C. St. Clair, <i>Cas.</i> D. T. Denmead.	
" .. Iowa Savings Bank, Ruthven.	{ Alex. Ruthven, <i>V. P.</i>	
" .. Waukon State Bank, Waukon.	{ J. W. Joyce, <i>Cas.</i> Fred. H. Giddings. L. W. Hersey, <i>P.</i> G. W. Stoddard.	
KAN. ... Citizens National Bank, Fort Scott.	{ L. A. Howe, <i>Cas.</i> L. W. Hersey. C. H. Osburn, <i>V. P.</i> B. P. McDonald. C. B. McDonald, <i>Cas.</i> C. H. Osburn.	
KY. ... Falmouth Dep. B'k, Falmouth.	{ H. Bullock, <i>P.</i> Geo. R. Rule.	
" .. First Nat. Bank, Louisville.	{ Clinton McClarty, <i>Asst.</i>	
" .. German Nat. B'k, Louisville.	{ J. M. McKnight, <i>V. P.</i> C. W. Kelly.	
" .. Marion Bank, Marion.	{ J. W. Blue, Jr., <i>P.</i> R. W. Wilson.	
" .. Bank of Taylorsville.	{ W. M. Huston, <i>P.</i> Joseph B. Cox.*	
ME. ... Union Nat. Bank, Brunswick.	{ S. J. Young, <i>P.</i> H. A. Randall.	
MD. ... Farmers & Merchants Nat. B'k, Easton.	{ Isaac A. Barber, <i>P.</i> J. F. Turner. John Mason, <i>V. P.</i> J. B. Bennett.	
MASS. ... Warren Nat. Bank, Peabody.	{ Nathaniel Symonds, <i>V. P.</i> A. B. Merrill.	
MICH. ... State Savings B'k, Ann Arbor.	{ Wm. J. Booth, <i>P.</i> A. L. Noble.	
" .. Union Nat. Bank, Detroit.	{ Thos. McGraw, <i>V. P.</i>	
" .. City National Bank, Kalamazoo.	{ Chas. S. Dayton, <i>P.</i> C. A. Peck. C. A. Peck, <i>V. P.</i> Chas. S. Dayton.	
" .. Minden City B'k, Minden City.	{ J. M. Bostwick, <i>Cas.</i> D. Leach.	
" .. First Nat. Exchange Bank, Port Huron.	{ James Goulden, <i>P.</i> Henry Howard. John E. Miller, <i>V. P.</i> James Goulden.	

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
MINN...	Bellingham State Bank, Bellingham.	L. F. Clark, <i>P.</i>	H. M. Hagestead.
"	..First Nat. Bank, Minneapolis.	Manford Horn, <i>Cas.</i>	J. M. Severens.
"	..Bank of Royalton, Royalton.	John Martin, <i>P.</i>	H. G. Sidle.
"	..State Bank of Waverly.....	O. H. Havill, <i>P.</i>	C. M. Hertig.
MISS...	Scranton State B'k, Scranton.	H. M. Minning, <i>Cas.</i>	O. H. Havill.
MO....	Miners & Merch. Bank, Aurora.	J. M. Haven, <i>P.</i>	J. M. Bartlett.
"	..Bethany Savings B'k, Bethany.	O. Randell, <i>P.</i>	Henry Herring.
"	..Farmers Bank, Bowling Green.	T. P. Robertson, <i>P.</i>	G. W. Rinker.
"	..Clifford B'k'g Co., Clarksville.	M. A. Higgins, <i>Cas.</i>	J. P. Hamilton.
"	..Ripley Co. Bank, Doniphan.	J. W. Higginbotham, <i>P.</i>	Martin Crow.
"	..Farmers Bank, Fair Play.	Jno. O. Roberts, <i>P.</i>	Henry S. Carroll.
"	..Farmers & Com'l B'k, Holden.	C. W. Miller, <i>P.</i>	R. C. Barrett.
"	..Bank of Houston.....	J. S. Ambrose, <i>P.</i>	J. F. G. Bentley.
"	..Farmers Bank, Laclede.....	P. McMullan, <i>Cas.</i>	Z. T. Miller.
"	..Marion Co. Sav. B'k, Palmyra.	F. F. Nicholas, <i>Cas.</i>	Isaac N. Vance.
"	..First Nat. B'k of Buchanan Co., St. Joseph.	E. M. Tracy, <i>P.</i>	C. Benson.
MONT..	Great Falls Nat. B'k, Great Falls.	W. J. Jackson, <i>P.</i>	Verdner Suter.
"	..Northwestern National Bank, Great Falls.	J. W. McAllister, <i>Cas.</i>	S. A. Walker.
NEB....	Bank of Alliance, Alliance.	H. B. Hill, <i>Actg. Cas.</i>	D. L. Tracy.*
"	..Beemer State Bank, Beemer.	James T. Stanford, <i>V. P.</i>	C. E. Conrad.
"	..First National Bank, Grant.	B. D. Hatcher, <i>Cas.</i>	James T. Stanford.
"	..Farmers & Merchants Bank, Hay Springs.	F. M. Knight, <i>P.</i>	W. G. Simonson.
"	..Meadow Grove State Bank, Meadow Grove.	H. Bohn, <i>P.</i>	
"	..State Bank of Murdock, Murdock.	Ira E. Williams, <i>Cas.</i>	Wm. A. Smith.
"	..Citizens Bank, Omaha.	R. W. Savage, <i>Asst.</i>	
"	..Osmond State Bank, Osmond.	D. T. Taylor, <i>P.</i>	A. McKinney.
"	..State Bank of Pender, Pender.	Wm. Waterman, <i>Cas.</i>	D. T. Taylor.
"	..Security State Bank, Randolph.	W. H. Karls, <i>Cas.</i>	J. J. Countryman.
"	..State Bk., Republican City.	L. C. Eickhoff, <i>P.</i>	N. H. Meeker.
"	..Stanton State Bank, Stanton.	G. H. Wiedeman, <i>Cas.</i>	G. W. Meeker.
"	..Bank of Staplehurst.....	Martin Tibke, <i>P.</i>	Geo. E. Draper.
N. H....	Manchester National Bank, Manchester.	I. Salinger, <i>P.</i>	D. T. Gilman.
N. J....	Flemington National Bank, Flemington.	O. L. Branson, <i>Cas.</i>	D. W. Wood.
N. MEX.	First National Bank, Santa Fe.	J. A. Wachter, <i>V. P.</i>	J. W. Thomas.
N. Y....	Albany Exch. Savings Bk., Albany.	R. A. Downs, <i>Cas.</i>	L. W. Niles.
"	..State of N. Y. Nat. Bank, Kingston.	Paul Buol, <i>P.</i>	D. C. Main.
"	..Mutual Nat. Bank, Troy.	Z. Boughn, <i>V. P.</i>	
OHIO...	Arcade Savings Bank Co., Cleveland.	C. W. Whitney, <i>Cas.</i>	O. J. Vallicott.
"	..City National Bank, Dayton.	R. Burtwistle, <i>P.</i>	C. M. Densmore.
"	..Huron Co. Bkg. Co., Norwalk.	C. M. Densmore, <i>Cas.</i>	H. F. Stephens.
"	..Deposit Bank, Richwood.	P. C. Nelson, <i>P.</i>	L. Jorgensen.*
"	..Exchange Bank, Selma.	Walter M. Parker, <i>P.</i>	Nathan Parker.*
OKL. T.	First Nat. Bank, El Reno.	W. B. Stearns, <i>Cas.</i>	W. M. Parker.
"	..Farmers & Citizens Bank, Pawnee.	Frank E. Putney, <i>Asst.</i>	
ORE....	First Nat. Bk., East Portland.	Zenas L. Nevius, <i>V. P.</i>	Peter I. Nevius.*
		Rufus J. Palen, <i>P.</i>	Pedro Perea.
		John H. Vaughn, <i>Cas.</i>	R. J. Palen.
		John E. McElroy, <i>P.</i>	Isaac A. Chapman.*
		A. V. De Witt, <i>Tr.</i>	C. P. Williams.*
		E. M. Brigham, <i>V. P.</i>	Aug. Schoonmaker.*
		R. C. Bull, <i>Cas.</i>	G. H. Sagendorf.*
		C. H. Stewart, <i>Tr.</i>	Frank B. Brown.
		W. B. Gebhart, <i>Cas.</i>	G. B. Harmon.*
		John A. Williamson, <i>P.</i>	Daniel H. Fox.*
		Bent Cahill, <i>P.</i>	F. H. Conkright.
		L. H. Wildman, <i>Cas.</i>	R. G. Calvert.
		R. G. Calvert, <i>Asst.</i>	
		Robert Martin, <i>V. P.</i>	A. F. Masterman.
		M. M. Holmes, <i>P.</i>	D. L. Pruitt.
		M. A. Stratton, <i>P.</i>	Richard Williams.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
PA.....	Dunbar Bank, Dunbar.....	Thos. Reiner, <i>Sec. & Tr.</i>	Wm. O. Foley.
"	..Investment Co. of Philadelphia.....	James G. Leiper, <i>P.</i>	Henry M. Hoyt, Jr.
"	..Investment Trust Co. of Phila.....	James G. Leiper, <i>P.</i>	Henry M. Hoyt, Jr.
S. C.....	National Bank of Abbeville.....	L. W. White, <i>V. P.</i>	W. C. McGowan.
TENN....	Bank of Bell Buckle, Bell Buckle, }	M. L. Skeen, <i>P.</i>	Jno. M. Webb.
"	..East Tennessee Nat Bank, }	R. N. Hutton, <i>Cas.</i>	J. L. Hutton.
"	..German Bank, Memphis.....	F. L. Fisher, <i>P.</i>	B. R. Strong.
"	..Knoxville, }	S. W. Carter, <i>Asst.</i>	.....
TEXAS..	First National Bank, }	J. M. Peters, <i>Cas.</i>	.....
"	..Cisco, }	J. H. Holcomb, <i>P.</i>	C. H. Fee.
"	..Wise Co. Nat. Bank, Decatur.....	C. H. Fee, <i>V. P.</i>	J. F. Patterson.
"	..City Nat. Bank, Fort Worth.....	J. Ullman, <i>V. P.</i>	H. Sewell.
UTAH....	Utah National Bank, }	T. T. D. Andrews, <i>V. P.</i>	Chas. Schueber.
"	..Ogden, }	L. B. Adams, <i>V. P.</i>	.....
VA.....	Farmers Bk. of Southwest Va. Wytheville, }	W. F. Adams, <i>Cas.</i>	L. B. Adams.
"	..Whatcom Co. Bank, New Whatcom, }	R. C. Kent, <i>P.</i>	H. G. Wadley.
"	..First National Bank, North Yakima, }	Geo. C. Fisher, <i>Cas.</i>	P. E. Dickinson.
WIS....	Bank of Barron, Barron, }	J. R. Lewis, <i>P.</i>	A. W. Engle.
"	..First National Bank, Berlin.....	J. F. Coe, <i>Cas.</i>	C. J. Borum, <i>Actg.</i>
"	..Princeton State Bk., Princeton.....	C. J. Borum, <i>Asst.</i>	.....
"	..German Nat. Bank, Ripon.....	George Fitch, <i>P.</i>	Geo. B. Sacket.*
"	..Commercial Bank, Stevens Point, }	L. D. Moses, <i>P.</i>	F. T. Yahr.
"	..Alliston.....	A. J. Schloerb, <i>Cas.</i>	I. M. Dakin.
ONT....	Bank of Hamilton, Alliston.....	E. Burr, <i>P.</i>	H. D. McCulloch.
"	..Bank of Hamilton, Chesley.....	L. A. Pomeroy, <i>Cas.</i>	E. Burr.
"	..Bank of Hamilton, Lucknow.....	J. S. Gordon, <i>Agt.</i>	N. M. Livingston.
"	..John D. Nichol, <i>Agt.</i>	J. C. Brown.	J. C. Brown.

* Deceased.

PROJECTED BANKING INSTITUTIONS.

ARK....	Benton.....	Saline County Bank; capital, \$25,000. John L. Hughes, President. F. M. Smith, Henry T. Caldwell, John F. Shoppach, James K. Bell, Directors.
IOWA....	Hawkeye.....	Hawkeye State Savings' & Loan Association; capital, \$10,000,000. Directors: B. C. Ward, O. L. Wright, A. J. Barnes, W. B. Bently, J. B. Elliott, V. P. Twombly, I. K. Wilson.
"	..Sioux City.....	Iowa Loan & Trust Co. incorporated.
KAN....	Hoisington	New bank started, with \$6,000 capital.
MASS....	Salem.....	Essex County Safe Deposit & Trust Co.; capital, \$100,000. B. W. Russell, President; L. O. Johnson, Secretary.
MINN....	Duluth	Northern Banking Co.; capital, \$50,000. Incorporators: C. H. Clague, E. W. Matter, C. L. Lewis, W. P. Lardner, Duluth, and Myron J. Carpenter, of Chicago.
"	..Faribault.....	Security Bank; capital, \$50,000. Samuel Grant, President; B. B. Sheffield, Vice-President; C. M. Buck, Cashier.
MO.....	Hopkins.....	Bank of Hopkins; capital, \$20,000.
"	..Otterville.....	Bank of Otterville; capital, \$10,000. Incorporators: R. E. Potter, W. D. Spencer, W. H. Homan, and others.
"	..Winfield.....	Bank of Winfield; capital, \$10,000. Incorporators: John N. Miller, S. N. Marks, D. T. Killan, and others.
N. Y....	Brooklyn.....	German-American Bank; capital, \$100,000. Incorporators: Henry Huther, Thomas F. Goodrich, Jas. C. Brower, P. H. Flynn, J. Block, Geo. F. Elliott.

- N. Y....Brooklyn.....Lincoln Savings Bank. Those interested are H. Bernard Coombe, Jas. F. Gascoigne, Chas. G. Bennett, Louis Beer, and others.
- ..Waddington...Island Bank of Waddington; capital, \$25,000. Directors: Geo. Hawkins, Geo. H. Russell, S. A. Worden, Seward S. Crapser.
- PA.....Greensburg....Westmoreland National Bank; capital, \$100,000. Those interested are W. A. Griffith, A. M. Sloan, V. E. Williams, M. L. Painter, James Bennett, and others.
- ..Pittsburg.... Mutual German Savings & Loan Association; capital, \$1,000,000. Directors: Peyton B. Dobbins, Alfred Paull, Chas. Burdett Hart, E. D. Smith, S. E. Pool, Jr., A. Makefield.
- S. C....WinnsboroSavings, Loan & Investment Association; capital, \$9,000. Incorporators: B. J. Emerson, J. D. Davis, J. W. Russell, J. F. Johnson, Robert Simms, C. G. Garrett, and others.
- TEXAS..Fort Worth.. Central Loan & Trust Co.; capital, \$50,000. Incorporators: M. C. Hurley, W. D. Williams, A. S. Reed, D. C. Plumb, M. K. Bateman, B. J. Tillar, A. J. Roe.
- WIS....Milwaukee.....West Side Savings Bank; capital, \$100,000. Adam Gettelmann, President; George H. Koch, Cashier.

APPLICATIONS FOR NATIONAL BANKS.

The following *applications* for authority to organize *National Banks* have been filed with the Comptroller of the Currency during June, 1894.

- IOWA...Lake CityFirst National Bank, by E. H. Rich, Fort Dodge, Ia., and associates.
- OHIO...Youngstown...Wick National Bank, by John C. Wick and associates.
- PA.....Lebanon.....Farmers National Bank, by H. P. Moyer and associates.
- TEXAS..Hearne.....First National Bank, by H. B. Easterwood and associates.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(*Monthly List, continued from June No., page 956.*)

No.	Name and Place.	President.	Cashier.	Capital.
4956	American National Bank..... Louisville, Ky.	J. H. Lindenberger,	Charles Warren,	\$800,000
4957	Phillips National Bank..... Phillips, Me.	N. B. Beal,	H. H. Field,	50,000
4958	Old First National Bank..... Farmer City, Ill.	R. O. Crawford,	I. F. Houseman,	50,000
4959	First National Bank..... Barnesville, Minn.	Fred. E. Kenaston,	Charles R. Oliver,	50,000
4960	National Bank of Wilmington... Wilmington, N. C.	John S. Armstrong,	L. L. Jenkins,	100,000
4961	Citizens National Bank..... Akron, O.	E. Steinbacher,	D. P. Wheeler,	150,000
4962	Schenevus National Bank..... Schenevus, N. Y.	Simon B. Wilson,	George Lovell,	50,000
4963	First National Bank..... Way Cross, Ga.	C. C. Grace,	J. E. Wadley,	50,000

CHANGES, DISSOLUTIONS, ETC.

(Continued from June No., page 958.)

- ARK....Little Rock.....Security Trust & Savings Co. closing out business.
- COL....Denver.....German National Bank reported closed.
- DAK. S. Deadwood..... Deadwood National Bank has gone into voluntary liquidation.
- ..Deadwood.....Merchants National Bank has sold out to First National Bank.
- ..Rapid City.....Black Hills National Bank reported suspended.
- ILL....Alexis.....Farmers Bank succeeded by First National Bank.
- ..Cerro Gordo.... Farmers Bank succeeded by State Bank.
- IND....Kendallville....First National Bank closed, succeeded by Campbell & Fetter.
- IOWA...Britt.....Farmers Savings Bank succeeded by First State Bank.
- ..Scranton.....Bank of Scranton succeeded by State Bank of Scranton incorporated.
- KAN....Belleville.....Davis, Steele & Co. reported closed.
- ..Hugoton.....Chas. Moore discontinued.
- ..Marion.....Cottonwood Valley National Bank succeeded by First State Bank.
- MICH...Constantine...First National Bank succeeded by First State Bank; same officers and correspondents.
- ..Elkton.....S. Ale & Son succeeded by Bank of Elkton.
- MINN...Barnesville....Barnesville State Bank succeeded by First National Bank.
- MISS..Columbus.....First National Bank has gone into voluntary liquidation, succeeded by First State Bank.
- MO....Hermitage.....Hickory Co. Bank removed to Wheatland.
- ..Huntsville.....J. M. Hammett & Co. incorporated as J. M. Hammett Banking Co.; same officers and correspondents.
- ..Stanberry.....Commercial Bank reorganized and incorporated.
- ..St. Joseph.....Enright & Fairleigh succeeded by A. J. Enright & Co.
- NEB....Blue Hill.....Blue Hill Bank liquidated.
- ..Sterling.....First National Bank has sold out to Farmers & Merchants Bank.
- N. Y...Mayville.....Skinner, Minton & Co. succeeded by State Bank.
- OHIO...Akron.....Citizens Savings & Loan Association succeeded by Citizens National Bank.
- ..Cleveland.....Lamprecht Bros. & Co., now Lamprecht Bros. Co., incorporated.
- PA....Huntingdon...Union Bank succeeded by Union National Bank.
- WASH..New Whatcom.Whatcom Co. Bank reorganized, P. E. Dickinson, proprietor.
- Wis....Marion.....Bank of Marion (C. J. Neal & Co.), now Henry Schoenke, proprietor.

DEATHS.

CURTIS.—On June 13, aged eighty-two years, GAYLORD CURTIS, of the firm of Gaylord Curtis & Co., Susquehanna, Pa.

HARMON.—On June 8, aged seventy years, G. B. HARMON, Cashier of City National Bank, Dayton, O.

LITTELL.—On June 4, aged sixty-two years, H. R. LITTELL, President of City Bank, Hopkinsville, Ky.

OLMSTEAD.—On May 30, aged sixty-four years, H. B. OLMSTEAD, Cashier of Franklin Bank, Cincinnati, O.

OSBORNE.—On June 5, aged seventy-three years, C. WARREN OSBORNE, President of Warren National Bank, Peabody, Mass.

THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XLIX.

AUGUST, 1894.

No. 2.

MONEY AND BUSINESS.

There are many who favor a large increase of the currency, believing that this will result in giving new life to business. They have in mind the experience of thirty years ago when the Government issued a large quantity of currency and business became wonderfully active. But those who thus interpret those times utterly fail to understand the true causes of the prosperity then enjoyed by the people. The activity in every department of business at that time was due to an extraordinary demand for everything, besides the unusual demands occasioned by war. The fact of unusual prosperity at the time of issuing the National currency was a mere coincidence and nothing more. Had the volume of currency remained the same there might have been some difficulty at first, perhaps, in effecting exchanges and settlements, yet business would have speedily found a way of accomplishing these things. When it is remembered that the great volume of exchanges is effected without the use of any money whatever, by means of checks, bills of exchange and other credit instruments which, in the final analysis, are nothing more than the offsetting of merchandise against merchandise, it cannot be seriously questioned that business men would have succeeded in transacting their business, notwithstanding the enormous increase in its volume, and without serious difficulty, even had the Government not issued

an additional dollar. It is a great mistake to regard money as a stimulant or quickener to business. It is a go-between, a medium of payment, and is not in any sense intended as a direct stimulant to, or creator of business. This is not its proper function. It is true that capital is a great quickener of business; whenever it is abundant business ordinarily must thrive. In other words, capital is always restless, always eager for employment, and will not long remain in a dormant state. This is one of the reasons for believing in better times. When one considers the millions of deposits now in the banks earning nothing, he realizes that the time must soon come when their owners will bestir themselves and seek to employ them. This has always been the case. Money does not long remain idle, and the owners of bank deposits are doubtless looking around to find methods and ways of employing it. So far as money may be one form of capital, its presence quickens production; but it must be remembered that money forms only a small portion of the capital of any nation, and therefore one must turn to something else besides money to find a stimulant for the renewal of business.

While it is true that money cannot properly be considered as a stimulant, yet the withdrawal of it, whenever prices are thereby affected, undoubtedly retards business, for nothing is more blighting to business prospects and activities than a decline in prices. Whenever this occurs, and unfortunately we are treated to such an experience quite frequently, all business suffers, industrial development comes to an end and the faith of mankind becomes impaired. But the decline in prices in most cases has nothing to do with money. It may be true that the decline would be arrested if a new supply of money was turned into the channels of circulation; but it cannot be proved that the decline in prices which has occurred, for example, during the last eighteen months is due to any changes in our circulation, and for the obvious reason that there has been no decline in quantity, but, on the other hand, a very considerable increase. Silver has been added to the circulation, while the National banks have added still more. Notwithstanding a considerable increase in the quantity of circulating medium, prices have been declining in an extraordinary manner. This effect, therefore, must be due to other causes, nor is it difficult to discover what these are. Clearly the decline primarily is the consequence of a falling off in the demand for commodities of almost every kind. First of all, there has been a cessation in railroad construction. A few years ago six or seven thousand miles a year were annually built. This involved the outlay of a large amount of capital, the employment of many men, and the consumption of a vast quantity of iron and steel. The iron and steel plants flourished in an extraordinary manner; steel rails and all the appliances of railroad con-

struction and maintenance were in great demand. No other business, indeed, has involved anything like a similar outlay of capital, or the employment of so many men, or the consumption of such vast quantities of materials. But that day has passed never to return. The great systems of railway in our country have been built, and while construction in the future will continue, roads will be built only as necessity requires and as feeders or branches to the systems now in operation. If this means the employment of a smaller number of men and the consumption of less merchandise, it also means that future construction will be safer and involve fewer losses.

The machinery of production has been developed in such an extraordinary manner, has been carried to such a high degree of perfection, that it is easy to satisfy the wants of every one in a short space of time—much shorter than at any other period in the world. There was a time when all the energies of man were required to obtain subsistence enough to support life, but happily that day has passed. With the aid of machinery nearly all ordinary wants can be supplied with a few hours of daily toil. It is also true our country has multiplied so rapidly in numbers that consumption has often overtaken production even with the aid of machinery; but the tendency is to increase the agencies of production too rapidly, thus outstripping the sources of consumption. This is one of the effects from which we are now suffering. In the production of iron and steel, cottons, woolens, hosiery, chemicals of all kinds, agencies of production have become so numerous and are so perfectly equipped that production is very rapid and soon surpasses all ways for consuming it. Though consumption doubtless will revive at no distant period, even in better times it will hardly suffice to keep in active operation all the agencies of production that have been established. If this is true then the mills and factories of all kinds must be content to work for fewer hours, and there is no patent method of creating for them a different kind of existence. Surely an increase of money will not effect this result, though, doubtless, many think otherwise who are now clamoring for more money. They believe that if prices could be stimulated production would also be, and permanently. We have not the slightest doubt, as we have already said, that the stimulation of prices would have the effect of increasing production, but this is in no respect dependent on, or related to an increase in the circulating medium. Whenever demand increases the reign of declining prices will come to an end, but it will come just as quickly without a dollar more of circulation as with an addition of many millions.

It is often said by those persons who believe in the reign of soft money that while there are millions of money in the world, the idle portion is practically withdrawn from circulation, and

therefore that more is needed. At first, this contention seems to contain some truth. Just as the gold of the world which is held in reserve has no effect on prices, does nothing towards stimulating trade and business, so the vast deposits in the banks lying unemployed practically serve no purpose to business of any kind. But it may be asked, why is this money unemployed? Is it from choice or from necessity? Surely the owners of these deposits are desirous of employing them, if they can, and the simple explanation is that they remain idle, not because the owners prefer to do nothing with them, but because there are no avenues wherein they can at present profitably employ them. It must be remembered that our country has just gone through a terrific period of bankruptcy, of speculation, of heavy loss, and capital is excessively timid, but it is just as eager for safe use as ever. Let an opening appear wherein it can be profitably used and any amount will be forthcoming, but the owners, however much they may have, do not seek to risk any more. This is the true explanation. Those in the South especially who are desirous of seeing a new flood of money or capital would be treated to this sight without delay if they could discover safe and profitable ways for employing it. These are the only necessary conditions, but until they are found capitalists will not invest their money. One proof of this is that anything that is safe in the way of an investment is readily taken. Thus, the money market is living between two extremes, very low rates for money that can be safely employed, while capital invested in risky undertakings is tempted only by the offer of unusually high rates. This timidity which is now experienced will doubtless diminish somewhat when good times return, but it is the general opinion of the most thoughtful men that the entire world has had the worst shock within the last three years from defalcations on bonds and losses from investments generally that has ever been experienced.

Banking in Canada.—One of the excellent practices of Canadian banks is an annual review of their business at their annual meetings of shareholders. This practice is worthy of imitation. The review is either by the president or general manager, or both officers, and at the conclusion, shareholders are invited to ask such questions as they please. In the present number will be found some very interesting remarks made by the president of the Canadian Bank of Commerce, and by Mr. George Hague, the general manager of the Merchants' Bank of Canada. Mr. Hague is everywhere known as a profound thinker on questions of banking and finance. We regret that our space prevents making a larger extract from his very thoughtful address.

A REVIEW OF FINANCE AND BUSINESS.

THE GREAT RAILWAY STRIKE AND ITS SETTLEMENT.

With the hottest summer to date, in years and the duller trade, there has not been much of interest, in business circles, during the past month, to record or review, outside the railroad strike, which was so threatening during the early part of the month, and the continued disgraceful delay by the Senate of tariff legislation which has been fully exposed in former issues. These two have been the chief influences on business of all kinds; and, it is unnecessary to say, that they have alike been adverse. The strike ended as suddenly as it came (due to the action of the National Government), so far as its immediate effects on the transportation interests of the country and those dependent upon them to conduct their business, or to provide themselves with the necessities of life, were concerned. Such relief was so grateful to all classes, after such serious losses and discomforts, of the community, not directly interested with those on either side who brought it about, that all were only too glad to accept it, for their present profit and comfort, without questioning the character of the precedent established by the self-interposition of the National over State and Municipal Government, or asking where such a stride in the centralization of power, may lead our government of States, by States, upon the freedom of whose local self-control, the form of our institutions rests. Putting aside the question of what was (in the heat of the worst excitement, this country has experienced, over a conflict between great combinations of capital and labor) then regarded as a necessity; it cannot be denied that such action was a longer step in the direction of superseding local by National authority, than has ever been taken, in this country, in times of peace.

ESTABLISHING A VERY DANGEROUS PRECEDENT.

Many of our law-abiding and conservative citizens, who are neither represented by, nor heard from in the public press of to-day, have looked with fear and foreboding upon the establishing of a precedent that will be so easy to follow hereafter, whenever one of these almost constantly recurring conflicts arise; for should the National Government, pass into the control either of corporate combinations, or of the new Populist party, as so many States have already done, they foresee how this great power may be used recklessly, either on the side of capital or labor during these breaches of the peace, as the supporters of the Populists' party

now feel it has been used on the side of capital, against labor, though in the name of law and order.

These same quiet business men, who do their own thinking and think ahead of to-day, though not in public print, admit that the protection of the Government was invoked under a law (the Interstate Commerce) that has been broken systematically every day since it was placed upon our statute books to protect the public from corporate monopoly, by the managers of these corporations, who have been openly defying the Government and the people for four years past. That this Interstate law, should thus be perverted by the Government itself, from the design of its makers, to protect those whom it notoriously has never compelled to obey it, nor punished for breaking it, is not calculated to allay the agricultural agitation that brought it into existence, but, rather to drive all labor organizations in the country, not only to combine against capital, but also against the parties which have controlled the Government hitherto and into the political ranks of the Populists. It was largely the interference of the National, with State Governments, politically, after the war, and the substitution of military for civil processes and methods, that caused the overthrow of the party responsible for it; and now, the party by which it was superseded, has outreached the greatest encroachments by the Federal power of its predecessor, although in response to newspaper clamor and public panic. There is a vast body of these conservative citizens, who wear the collar of neither party, nor that of their party press, whose self-control of their own suffrages is being more and more actively used to defeat either, when they abuse their public trust, who are seriously asking

IF CORPORATIONS CONTROL THE GOVERNMENT?

These are not socialists, nor anarchists, but the loyal Republican and Democratic patriots of the country, whose sympathies go out to the side of labor in these contests, though frowning upon violence and disorder, while they condemn these corporations whose managers are above the law, and threaten to drive not only the laboring, but the commercial classes into any party that will destroy these monopolies before they destroy our Government, as they must, if permitted to control our executives, judiciary and legislatures. Hence, this action of the National Executive, in going beyond all precedent, and straining the intent, if not the letter of the Interstate law, in order to protect these corporate defiers of law and order, has left a very ugly feeling against the general Government on the part of the industrial classes, and grave fears, in the minds of its best citizens, for the future of our country. That there was an overshadowing necessity for such

Federal interposition, by the President, should have been clearly established, before action, judicial or military, was taken by the United States authorities; and, if it was found to exist, their power should have been exercised impartially, and fearlessly, against both railway managers and men, who were violating the Interstate law, and not against the latter only.

HOW THE STRIKE MIGHT HAVE BEEN PERMANENTLY SETTLED.

Had this been done, and the railway managers been enjoined by the Federal courts, like their men, not to interfere with the carrying of the United States mails nor the transportation of freight, even, if necessary, without Pullman trains, over which they had no jurisdiction, either under mail contracts, or the Interstate law, and compelled to fulfill the former with the Government, or forfeit them; and, perform their duties as common carriers, under the Interstate law, neither of which called for Pullman cars; and, when unable to do this, and not till then, to have the protection of the Federal courts and of the United States army; had this first been done by the President, he could not have been charged with taking sides, and the country would have been compelled to admit his impartiality as well as the necessity, had it proved that troops were needed. As it is, neither was proven, while a dangerous precedent has become established, that will return to plague the future of the Republic.

This is probably one of the fruits of appointing a railway corporation counsel to be Attorney-General of the United States; and to him, no doubt, the country owes the undue haste, in interjecting the National authority, into the late portentous conflict at Chicago; though, no doubt, it brought about a more speedy, if less permanent, because less satisfactory, termination thereof.

The following extract from the money article of the *Times*, fairly represents the better opinion of business men, in both financial and commercial circles in regard to the late exposures of railroad defiance of common law and honesty, as shown in the Atchison affair, in connection with the Chicago strike, and is in intelligent contrast to the editorial utterances of most of the city press, which represent railroads, rather than public opinion on such matters. It says:

It may properly be pointed out here that the Interstate Commerce law was framed to the special end of putting a stop to the making of secret rates by the payment of rebates. Its only effect has been to stimulate the ingenuity of railway managers in finding ways to evade it; and the violation of the law, almost from the day of its passage, has been flagrant, persistent and systematic. And this without any excuse that the law is impracticable, because it is not. On the contrary, it simply declares as a statutory enactment that something shall be done which railroad managers are always trying to do, or pretending to try, namely, make an open schedule of rates and strictly adhere to it. But no sooner

is the schedule made than they go to cheating each other on it, and incidentally violating the express prohibitions of the law. So the country has recently been treated to this spectacle: In a sudden emergency it has seen the whole body of railroad managers rushing to the courts and asking protection under an interpretation of the Interstate Commerce law which was never contemplated when it was enacted; while in the very thing it was enacted to prevent, these same men have persistently refused to obey it.

IMMEDIATE EFFECTS OF THE STRIKE.

Nor is this all, nor the worst of this first step in the wrong direction: The subsidized railroad press is already demanding an increase of the standing army, that it may be used by these managers to coerce their men.

The following dispatch from Chicago, July 23d, gives the first sensible, business-like summary of the effects of the great railroad strike, in marked contrast to the sensational reports sent from there during its existence:

A fortunate feature regarding the strike is that it came at the dull period of the year, hence the business interest suffered little compared with the injury which would have occurred had business been brisk, and the demand for prompt transportation of a large volume of property urgent. The losses to the railways from a curtailment of traffic will also be less than generally supposed, as a large majority of the freight, and a good portion of the passenger traffic, was merely deferred, and is now being handled. This class of business is giving the roads active employment for a liberal percentage of rolling stock, and will, in connection with the legitimate passenger travel and freight, keep them fairly well employed until the regular fall traffic demands their attention.

Investigation regarding the damage to railway property from fires and other lawless conduct of the strikers is also said to have shown smaller losses than had been at first supposed. It is fortunate, however, that, owing to the cheapness of railway material and the cost of rolling stock, the damage can be repaired at less cost than at any preceding time. It is also expected that the city and county will be compelled to compensate the roads for a large amount of the damages which occurred within their limits. The reduction on the pay-rolls during the strike will also amount to a round figure to the roads, but on the other hand the expenses of fighting the strike have been very heavy, and no direct receipts can be credited as an offset to such charges.

MONEY, GOLD EXPORTS AND THE TREASURY.

The outlook of the Treasury in view of continued gold exports is thus stated by the Washington correspondent of the *Journal of Commerce* under date of July 26th:

Secretary Carlisle will be obliged to take some action to replenish the gold reserve if it is reduced by many more withdrawals for export as large as to-day's. Two million dollars were withdrawn early in the day from the Sub-Treasury at New York, and later dispatches announced the loss of three hundred thousand more. The gold reserve to-day stood at \$60,495,725, but to-day's withdrawals and \$150,000 reported late yesterday will carry the reserve down to a trifle more than \$58,000,000.

It is understood that Secretary Carlisle intends to take some action

when the figures are in the neighborhood of \$55,000,000. Numerous offers have been received from Chicago, Cincinnati and other points to deposit gold in the Sub-Treasuries in return for the deposit of United States notes by the Government in the New York reserve banks. The Treasury officials have not been disposed to accept these offers, because they transfer the expense of transmission from the banks to the Treasury, but it is believed that \$10,000,000 could easily be obtained at small expense in this manner if it were thought advisable.

The general Treasury balance to-day was \$124,180,670. The receipts for the month have been \$32,730,000, of which \$22,890,000 have been from internal revenue, and the expenditures have been \$28,170,000, of which \$13,054,000 have been for pensions. The pension drafts for the month have been nearly paid, and the surplus for the remainder of July will be applied to the payment of the quarterly interest on the 4 per cent. bonds and the semi-annual interest on the Pacific Railroad 6 per cents.

Yet with the revenue far below the point which precipitated the silver panic last year, the money market continues as stagnant and easy as for months past, while for the first time in twelve months the July Treasury statement shows a small credit balance. The change is mostly due to the great increase in internal-revenue receipts, which have nearly doubled for the month, great quantities of spirits having been withdrawn from bond in anticipation of a higher tax. The last bank statement shows a decrease in every element of the statement: in deposits \$5,000,000, in legal tenders \$8,000,000, in specie \$400,000, in loans \$1,000,000, and in the surplus reserve \$2,209,875. It is worth noting that in comparison with the last July statement, of two years ago, the loans and specie are now almost exactly the same, while deposits are \$55,000,000 greater, legal tenders \$62,000,000 greater, total reserve more by \$60,000,000, and surplus reserve more by \$48,000,000.

THE COAL AND IRON TRADES.

Normal conditions have been nearly restored in the bituminous coal trade, since the immediate effects of the late strike are pretty well obliterated and things are moving on in the natural way, with a drop in prices, of course, to such a level. Of the anthracite trade the *Coal Trade Journal* gives the following, showing that it is also getting back into old channels:

The anthracite production for the second week in July was larger than for the same week a year ago. It appears to be impossible to bring the tonnage down to such a point that the price list can be maintained. Some of the producers claim to be able to market the allotment of 60 per cent. of their capacity and therefore will not fall in with the views of those who believe that the market requirements would be fully met by a production of not over 40 per cent. of the capacity. While this condition of things exists it is not possible to realize the June circular, to say nothing of being able to obtain the prices made for the July list. During the current week and probably during the month of August the mines will be worked about three days a week. It would seem to be the proper thing to put the August tonnage on the basis of about 2,500,000

tons. If this were done the prices that have been made might be realized. Up to the first of July the tonnage showed a decrease as compared with last year of 1,830,000 tons. The total for July and August last year was 6,600,000 tons. If it were possible to get the July and August tonnage for 1894 down to 5,500,000 tons, the requirements of the market would be met and the price list might be maintained. Soft coal production is now pretty general throughout the country, and the mines are, as a rule, turning out rather more than what may be termed their average product.

The *Bulletin*, of the American Iron and Steel Association, in its semi-annual statement of production, says:

The total production of pig iron in the United States in the first half of 1894 was 2,717,983 gross tons, against 2,361,584 tons in the second half of 1893, an increase of 156,399 tons. As compared with the first half of 1893, however, the production in the first half of 1894 shows a great decline, the figures for the first half of 1893 being 4,562,918 tons, or 1,844,935 tons more than the production in the first half of 1894.

The production of pig iron in the last twelve months, from July 1, 1893, to July 1, 1894, was 5,279,567 gross tons. In 1892 the production was 9,157,000 tons. Not since the dull year 1885 have we made as little pig iron in one year as in the last twelve months.

The number of furnaces which were in blast on the 30th of June, 1894, was 108 and the number out of blast was 408. At no time in the modern history of the American iron trade have so few furnaces been in blast as on the 30th of June last.

Of the 517,036 tons of unsold pig iron, which were under the control of the makers on June 30th, 229,705 tons were charcoal pig iron.

The following gives the production of Bessemer steel ingots in the first half of 1894. In the figures for the periods mentioned are included the production of Bessemer steel by the Clapp-Griffiths Works and Robert-Bessemer Works. Pennsylvania, 1,129,559; Illinois, 252,080; Ohio, 171,048; other States, 114,767; total, 1,667,454.

The following gives the production of Bessemer steel rails of all weights and sections, including street rails, in the first half of 1894. In this statement we do not include street and other Bessemer rails which were rolled from purchased blooms: Pennsylvania, 284,061 gross tons; Illinois, 95,955 do.; other States, 19,388; total, 399,404.

The great decline in the production of both Bessemer steel ingots and rails in the twelve months beginning with July 1, 1893, is shown by a comparison of this production with that of the first six months of 1893. In these six months we produced 2,092,057 gross tons of ingots and 704,240 gross tons of rails; in the last twelve months we produced 2,791,083 tons of ingots and 731,517 tons of rails. In no year since 1879 have we made so few steel rails as in the last twelve months.

SIGNS OF INDUSTRIAL IMPROVEMENT.

The *Iron Age* has the following on the general conditions of industrial interests and trade:

Factories of every kind are resuming operations all over the country. Operations had in numerous instances been suspended for lack of fuel after the coal strike became general. Other concerns closed until wages were settled for the coming twelve months. Very many shut down on account of the railroad strike, which cut off their receipts of materials as well as prevented shipments of products. In other cases it was necessary to take some time for repairs usually done at this season

of the year. It is gratifying to note that the resumption of work is quite general. Among those who have started up are not a few whose owners but a short time since were in doubt as to whether they would not find it impracticable to re-open their doors until well into the fall. That they have come to a different conclusion is evidently due to the fact that the demand for their goods is improving and prospects for business are therefore brighter. The Western banks report a better demand for money from their country clients, which they are pleased to see. The currents of trade are beginning to flow again and the movement thus begun may reasonably be expected to gather strength until the producers of raw products are also affected. As long as so many furnaces are out of blast and steel works are idle or running light, the business of the country is seen to be not in a healthy condition. But they may be expected to gradually fall in line from this time forward. The worst is over and the country is far from being ruined.

THE RAILROAD SITUATION.

The Western roads are now mostly over the effects of the strike, and, with greatly improved crop prospects, in spite of the short ones, predicted again this year by the Government crop report, as was the case last year, only to prove gross underestimates, they are likely to make a good showing from now on, which will put them past their bad season for this year. But freights east by water are so cheap and plenty that it will not help the Trunk Lines much in the near future. As an index of their business and financial status to date we add the statement of the Pennsylvania for June and the six months ending July 1st, also of the Reading Co., as an index of the condition of the anthracite coal roads.

Statement of the business of all lines of the Pennsylvania Railroad Company: All lines east of Pittsburg and Erie for June, 1894, as compared with the same month in 1893, show a decrease in gross earnings of \$1,620,181.22, a decrease in expenses of \$1,015,107.87, a decrease in net earnings of \$605,073.35. The six months of 1894, as compared with the same period of 1893, show a decrease in gross earnings of \$7,637,240.41, a decrease in expenses of \$5,672,492.60, a decrease in net earnings of \$1,964,747.81.

All lines west of Pittsburg and Erie, for June, 1894, as compared with the same month in 1893, show a decrease in gross earnings of \$1,164,401.87, a decrease in expenses of \$511,051.20, a decrease in net earnings of \$633,350.67. The six months of 1894, as compared with the same period of 1893, show a decrease in gross earnings of \$4,636,365.66, a decrease in expenses of \$2,901,521.67, a decrease in net earnings of \$1,734,843.99.

The gross receipts of the Philadelphia and Reading Railroad for June were \$1,997,306; gross expenses, \$1,020,459; net receipts from other sources, \$59,852, showing a profit for the month of \$1,036,699. Deducting equipment payments, terminal trackage, and fixed charges, there is a surplus for the month of \$151,745, against a surplus of \$129,387 in June, 1893. The seven months of the current fiscal year show a deficit of \$1,196,264, against a deficit in the corresponding period of last year of \$1,022,051.

The gross receipts of the Philadelphia and Reading Coal and Iron Company for June were \$2,348,983; operating expenses, improvements,

etc., \$2,137,242; profit from mining, \$211,741. Deducting fixed charges, there is a surplus for the month of \$89,532, against a deficit of \$93,132 in June, 1893. The seven months of the current fiscal year show a deficit of \$852,343, against a deficit in the corresponding period of last year of \$706,189.

THE STOCK MARKET

has been but a reflection of the prospects of the Tariff Bill at Washington as shown in the ups and downs of the industrial or trust stocks, led by sugar, but the downs have predominated since the bill got out of the hands of the Trust Senators, who Gormandized it, in the interests of their gourmandizing client, until both have become thoroughly discredited with their party and the country and lost its control; while railway shares have felt the effects of the strike and the stagnation in general trade caused by the continued backing and filling at Washington.

The next heaviest weight on the market has been the bankrupt Transcontinental Lines and their discredited reorganization schemes made still more unpopular by the shameless disclosures in the accounts of the Atchison, by which its managers have evidently deliberately and systematically misrepresented its financial condition for a long time, apparently to allow insiders to get out first. To do this it has put into its assets or omitted from its liabilities rebates to shippers making a book "surplus" of the enormous sum of \$7,670,000, which is absolutely worthless. The effect on the street and other railway stocks is thus stated by the *Times*:

The disclosure of this remarkable over-statement of the gross earnings of the Atchison Company has caused much comment in Wall Street, and there is a general thirst for knowledge as to whether any other Western road or roads has resorted to similar methods of covering up rebates paid on freight business.

Secretary Kobbe of the Reorganization Committee said yesterday that the disclosures of Accountant Little would have no effect on the progress or prospects of the reorganization plan. The estimates of the gross earnings of that company, upon which the reorganization scheme was based, were purposely made at a much lower figure than the gross earnings previously reported. Mr. Kobbe thought that the committee's estimates were placed fully 20 per cent. lower, partly owing to the financial panic, and partly to the desire to be safely conservative.

In view of such a state of affairs, it was most fortunate, for one of the late chief reorganizers of this property, if not for the reputation of the banking firm, of which he was the active head, that he died before these disclosures.

THE CROPS AND ANOTHER LOW RECORD FOR WHEAT.

The crop outlook, as a whole, has distinctly improved the past month, from what it was supposed to be a month ago, judged by the Government crop report, which has been proven again, to

be one of the worst fakes ever perpetrated upon a patient business public, which is no more protected by the Agricultural Department of the Government than by the Interstate Commerce law; for, we have not had such a yield of winter wheat in this country since the early days of virgin soil and abnormal crops; large wheat fields and sections averaging 35 bushels per acre, and even more. The result has been an enormous early movement of the crop and 10 cents per bushel lower prices than the lowest on the panic of last year and a New World's low record. Fifty cents per bushel has nearly been reached at lake ports and within five cents of it at the seaboard, while corn has crossed the price of wheat in the Liverpool market already, on a short supply of the old crop, and on a drought scare here on the new crop. From the frightful accounts sent by the Chicago Bulls, who have been trying to get corn up, as they did wheat for months, but with better success, the crop of Iowa, Nebraska, and Kansas has been "ruined," just as the winter wheat crop had been, three times over last spring, only to turn out the biggest yield in years. So it may prove in corn, even should these States prove to have a short crop; for, allowing it, the Government July estimate of a 2,700,000,000 bushel crop, which was probably an under one, as in the case of wheat and oats, will still leave us the largest crop on record; and, the prospects of a corn famine, after we get out of the old crop, which was a short one, and into the new, are very poor. Beside, in the States named, the plant was high enough to shade the ground, before the drought scare was started and is now mostly tasseled out, conditions which will insure a fair crop should not rains come soon, as they already have in other States of the corn belt, as well as in most parts of those named. Hence the talk of the "corn roads" having a bad year, which has been heard at the close of the month on the Stock Exchange, is not likely, while the same roads are now having an unusual amount of winter wheat to haul, which will go to make up any corn deficit there may be. The cotton crop outlook is also assuring, as shown by estimates of a 9,000,000 bale crop and about the lowest price on record, with wheat, making the minimum, on the two great export crops of the South and North, which, however, is in a measure offset by the maximum price in years for the two great feed crops, corn and oats. Unfortunately, however, the latter are mostly used at home and are not the ready-money crops of the farmers, yet they bring him in the end a higher price for his live stock, so that there is a little silver in the lining of the dark cloud that hangs over the agricultural classes; in fact, about as much as in any other business this year. The outlook, therefore, for the farmer and the railroads has been improved the past month, as well as those of our lake marine, which is bringing more than

the usual proportion of this crop to the seaboard, because of the earlier movement. Ocean transportation companies have not so good a share, for an improved crop outlook in Europe the past month, has checked exports, of wheat, while the high price of corn has had the same effect, yet their increased steerage business both ways due to low rates has taken up the freight room of the regular liners until it has been scarce at higher rates.

H. A. PIERCE.

FINANCIAL FACTS AND OPINIONS.

The Taxation of Clearing-house Certificates.—During the monetary panic when clearing-house certificates were issued, no one ever thought that they would be subjected to a tax similar to that imposed on State bank circulation. An attempt, however, was made to tax those issued by the New York Clearing House, but when it was clearly shown that they were used merely to settle bank balances and did not circulate, nothing more was done in the way of collecting the tax. Some of the certificates, though issued by Southern clearing houses, had a wider circulation, and Congress shows a disposition to insist on the collection of the tax. No wonder that Georgia bankers are disturbed over an attempt to collect a ten per cent. tax on certificates issued for a temporary purpose. Congress is taking an exceedingly narrow view of the matter. Even if the certificates did circulate as money, they were used only for a short time and their authors had no thought of issuing them permanently or in violation of the National law. The intention of the issuers ought to be conclusive. If the clearing house had sought to maintain these issues permanently, then Congress might have regarded its action as an evasion of the law, but surely this was not the purpose of the clearing-house associations. The certificates did serve a good purpose and may on future occasions, and so long as the expedient is not abused its efficiency ought not to be impaired in this manner. Surely the amount of the tax, if collected, would be hardly worthy of consideration by the Government.

New York Banks and the Treasury.—It is unfortunate that there should be such a hiatus between Mr. Carlisle and the banks of New York City. From the beginning he has shown a disposition to conduct the business of the Treasury Department without much thought of them. The Secretaries of the Treasury, on more than one occasion, have paid too much attention to the opinions of Wall street, but the banking institutions of New York must not be linked with Wall street speculators. Mr. Carlisle seems to have imagined that his conduct would be unfavorably criticised if he attempted to ascertain and follow the opinions of bankers, and those of New York especially. The Secretary has done several

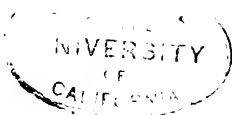
things which have created unfavorable opinion. One is his fooling with the coinage, or what he pleased to term the seigniorage on silver bullion. He promised the bankers that he would let this business severely alone, yet as soon as the Treasury was supplied with more gold, loaned on the belief that his promise would be faithfully regarded, he began to seriously consider the desirability of coining it. Mr. Carlisle's views of finance are sound enough, and the temptation to resort to this miserable subterfuge, sprang from the necessity to obtain more money from some source to pay the bills of the Government. Doubtless, if the Government had possessed ample revenues, he would not have thought of resorting to such an expedient to replenish the National exchequer. At all events, he has estranged himself from the bankers in the leading banking city of the country, although they have shown a strong disposition to assist him in preserving the credit of the Government. Of course, the administration supposes that, as soon as the tariff bill is enacted, the Treasury will be supplied with fresh revenues obtained from increased importations, and that all of its difficulties will be over. It is humiliating to think that our Government, which a few months ago had an enormous surplus, is now in exactly the opposite condition, and has actually become a borrower in order to get means enough to discharge its ordinary expenditures.

Taxation of Legal Tender Notes.—A bill has been introduced into the House at Washington for the taxation of legal tender notes. The justification for the measure is supposed to be the abuses caused by their transfer from banks and other associations, in order to have them counted as a part of their non-taxable property. The pending bill proposes no Federal tax on legal tender notes, nor the direct imposition of any tax, but simply provides "That no United States legal tender notes circulating as currency shall be exempt from taxation under the authority of any State or Territory; provided, that any such taxation shall be exercised in the same manner and at the same rate that any such State or Territory shall tax other money within its jurisdiction." It would be a strange thing, indeed, to permit the States under any form to tax National obligations. If they were permitted to do this, no one can tell how far they might go toward impairing the ability of the Government by abusing its credit. The proviso that the right of taxation shall not exceed that of other instruments is not an effective check on the disposition of a State if it were inclined to single out these instruments for excessive taxation. They might be classed in such a way as to evade the operation of the law, and thus the National credit become permanently impaired. We do not believe that Congress will look with any favor on such a measure.

Government Indebtedness.—The record of the fiscal year which ended with June is anything but creditable, for there has been an increase in the public debt of sixty millions. Never in the history of our Government has such a thing happened in a time of profound peace, and which may be wholly ascribed to tariff-tinkering. Had the tariff been let alone, there would have been enough to pay all expenses. The debt at the present time is \$900,000,000, of which \$635,000,000 consists of 4 per cent. interest-bearing bonds. The silver assets aggregate \$513,298,709, against which there are \$461,956,390 in silver certificates and silver Treasury notes, leaving a reserve of \$51,342,319. The silver in possession of the Government consists of \$368,000,000 in standard silver dollars, \$127,000,000 in bullion, and \$18,000,000 in subsidiary coin. Government receipts from all sources for the fiscal year just closed aggregated \$296,960,336, against \$385,819,629 in the preceding year, a comparative loss of about \$89,000,000. Seventy-one millions of this resulted from the large falling off in customs receipts, which, for the year just closed, amounted in round numbers to only \$132,000,000, against \$203,000,000 in the preceding year. Internal revenue receipts for the year just closed were \$147,000,000, or fully \$14,000,000 less than in the preceding year. Expenditures for the year just closed aggregated \$366,593,359, or \$16,884,595 less than the expenditures in the preceding year. Reduced pension payments for the year just closed account for more than this comparative net reduction in expenditures: the pension charges for the last year being \$141,177,285, or fully \$18,000,000 less than in the preceding year. War Department expenditures last year were \$54,357,600, or \$6,000,000 more than for the preceding year. Other slight comparative decreases in civil and miscellaneous expenditures and for the support of the Indians make the net reduction in expenditures last year compared with the preceding year, as before stated, about \$17,000,000.

Government receipts and expenditures in detail in the last fiscal year, compared with the preceding year, are shown by the following table:

RECEIPTS.		
	<i>Year ending June 30, 1894.</i>	<i>Year ending June 30, 1893.</i>
Customs	\$132,294,243	\$203,355,016
Internal revenue.....	146,945,778	161,027,624
Miscellaneous	17,720,315	21,436,988
Totals.....	\$296,960,336	\$385,819,628
EXPENDITURES.		
Civil and Miscellaneous.....	\$101,403,456	\$103,732,799
War	54,357,601	49,641,774
Navy	31,527,195	30,136,084
Indians	10,286,417	13,345,347
Pensions	141,177,285	159,357,558
Interest	27,841,405	27,264,392
Totals	\$366,593,359	\$383,477,954



The Gold Drain.—Much has been said concerning the drain of gold from the United States. The London *Economist* remarks:

“As to the causes of the drain of gold from the United States during the past four months opinions differ. Some affirm that European investors, discouraged by the present state of affairs in the States, have been withdrawing their capital. Others maintain that owing to the difficulty of finding remunerative employment for their funds at home, American capitalists have been sending money here in the hope of being able to use it to better advantage. And in all probability both those influences have operated. At the same time, however, it is evident that the movement is very largely attributable to the fact that the paper money currency is redundant. . . . And the natural result of this has been that gold, which is the only portion of the currency that can find an outlet elsewhere, has been displaced and driven abroad.

“The exodus of gold from the United States has, of course, materially contributed to the accumulation of the metal on this side, and to the consequent cheapness of money in this end and Continental markets. But it cannot be to our advantage that the movement should continue. We have much more gold already than we need, and can very well do without any additional supplies, while any further appreciable reduction of the stock of the metal in the United States Treasury could hardly fail to renew that feeling of uncertainty as to the ability of the Government to maintain gold payments which did so much to precipitate the crisis of last year. It is satisfactory, therefore, to note that in all probability the efflux will soon cease. As the harvest time approaches there is always in the States a large expansion of the active circulation. That in itself will do much to reduce the plethora of currency which has led to the expulsion of gold, and besides, it is reasonable to look for some revival of general business when the prolonged tariff controversy is settled in one way or other, and people know definitely under what fiscal conditions trade is to be carried on. Moreover, the additional taxes that are to be imposed will enable the Government to make ends meet, and outside supplies of money will cease to be increased as they have been of late by encroachments upon the Treasury balances. The condition of the American money market, therefore, is likely soon to undergo such a change as will effectually put a stop to any further gold shipments, and, relieved from the export drain, the Treasury should have little difficulty in again building up its stock of the metal. Another issue of bonds would serve that purpose, and, indeed, without any such issue it may soon increase its holdings considerably, because a deposit of gold in exchange for small notes to be delivered from the sub-treasuries is the cheapest way in which the banks can provide for the harvest currency requirements. The worst of the Treasury difficulties are thus in all probability over for the present, but they have their root in the defective currency system of the country—a system under which there is no elasticity in the circulation, and which, therefore, leads to alternating periods of plethora and scarcity.”

Many do not understand why gold should be exported when the balance of trade is so heavily in our favor. Notwithstanding the mystery with which some financial writers have surrounded the subject, the explanation is simple enough. Foreigners hold a vast amount of our obligations and wish, for various reasons, to realize on them. Some are obliged to sell in order to obtain the

money for other uses; others, doubtless, wish to sell because they have less faith in the soundness of American investments. Even if many of the exports that have gone abroad remain unpaid, it does not follow that the gold will be returned for them. In other words, the movement is not simply one of deferred payments. Gold may, indeed, be sent, but the account may be squared by the sending of more bonds and stocks. If this fact is kept in mind, though an unpleasant one, that we are a great debtor to foreign nations, the gold drain at all times can be easily enough explained.

Austrian Currency.—The recent decline in silver was powerfully aided by the decision of the Austrian Parliament to withdraw 200,000,000 florins in silver notes and deposit 160,000,000 florins in gold in the Austro-Hungarian Bank, the gold to be purchased abroad. This was a bad blow for silver and another contributory cause to the steady appreciation of gold which, a competent mining engineer recently declared in a sound article, is getting more costly to extract every year. Here in Mexico, people will begin to wonder how long Europe will continue to put the screws on us, by pursuing a policy of grabbing and accumulating gold and so depressing silver, while Mexicans are asked to be calm and stand this sort of thing patiently, and continue to buy gold for interest with their continually depreciating silver. The impudence of Europe in its relations to debtor nations is something beyond comprehension.—*Mexican Financier.*

Japanese Competition.—It was recently reported that the shareholders of the Kanagafuchi cotton-spinning factory had decided to add a million yen to their capital and to establish a new factory with 40,000 spindles. It remained uncertain, however, what site would be selected for the purpose, but after the late meetings of the Cotton Spinners' Union at Osaka the Kanagafuchi representatives proceeded on a tour of inspection to the various eligible positions in the vicinity of that city and of Hiogo and finally decided to choose the latter town as the scene of their new enterprise. It seems that the labor and coal are much cheaper in Hiogo than in Tokio; so much cheaper that yarns, the cost of manufacturing which in Tokio is 18 yen, can be procured in Hiogo for 10 yen. The daily wage of a factory girl in Hiogo is 9 sen, whereas in Tokio it is 13 sen, and 10,000 pounds of coal, costing from 22 to 23 yen in the latter city, can be had in the former for from 18 to 19 yen. Even in the case of yarns destined for the Tokio market, the advantage remains with manufacturing in Hiogo, the carriage thence to the capital being only 75 sen per 400 pounds.

The relations of the Government to the Pacific railroads seem in a fair way to be adjusted in the near future with some regard to the rights of the former. Mr. Reilly, chairman of the committee which has in charge the plan for their reorganization, has made a report on the bill to adjust the indebtedness of the Central and Union Pacific Railways to the Government, in substance, as follows :

It states that all the former bills designed to meet the present situation contemplated the extension or funding of the entire indebtedness of those companies, and applied the amount in the sinking fund to the credit of the companies on their indebtedness to the Government. The first mortgage bonds of both companies bear interest at 6 per cent., as do the Government bonds, making an annual fixed charge equal to 12 per cent. on this enormous indebtedness, which the committee believes it will be impossible for the companies to meet. The indebtedness of the Union Pacific Company upon the maturing of the bonds will be something more than \$100,000,000, exclusive of \$15,000,000 in the sinking fund. The Central Pacific's indebtedness will be nearly equal to this amount, exclusive of \$12,000,000 in its sinking fund.

The report shows that the interest on the first mortgage bonds has been regularly paid by the companies, but the principal of the Government bonds, which is a second mortgage, has been more than doubled by the accumulating of the interest, in excess of all reimbursements, and no one believes that this debt can be paid to the Government at maturity. The annual interest on the first mortgage bonds has been a heavy drain upon the earnings of the companies, and if the first mortgage is to be continued with priority of lien, it would be futile to attempt any adjustment of the Government's indebtedness on that basis. The annual fixed charges on this account in the case of the Union Pacific amounts to over 2,000,000 a year, and of the Central Pacific to over \$1,600,000.

The committee has accordingly directed its efforts looking to the extinguishment of this lien, and, by the provisions of the accompanying bill, the amount in the sinking fund is applied to that purpose upon the condition that the company shall provide for the payment of the remainder of the bonds and the discharge of the first mortgage. The effect of this would be to give the Government a first instead of a second lien upon the property of the companies.

The Government must continue to pay interest on the subsidy bonds until their maturity. The bill provides a method of ascertaining the amount due the Government on January 1, 1895, and also that the bonds of the companies of that date shall be given for the amount bearing 3 per cent. interest, payable semi-annually, together with a stipulated payment on account of the principal. These semi-annual payments on account of principal are graduated. For the first ten years they are to be one-half of 1 per cent. of the whole amount, to be gradually increased each succeeding ten years during a period of fifty years, when the debt will be canceled. In this connection it is stated that the terminal properties of the Union Pacific at Omaha, Kansas City, and other points are estimated to be worth \$15,000,000, and will add greatly to the security of the Government.

On the other hand, both the Union and Central Pacific claim their most important terminals are not covered by their mortgages to the Government.

The Washington correspondent of the Journal of Commerce and Commercial Bulletin says:

The forthcoming report of Mr. Robert E. Preston, the director of the Mint, on the production of the precious metals during the calendar year 1893, contains the usual summary of the course of the silver market during the year, which derives unusual interest from the fact of the great fluctuations after the suspension of free coinage in India and during the discussion of the suspension of silver purchases in the United States. He sums up these changes as follows:

The year 1893 was a memorable one in the history of silver and silver legislation, rendered so by the passage of the act of the Governor-General of India in council of June 26th. which closed the Indian mints to the free coinage of silver, and by the repeal in November of the purchasing clause of the Act of Congress of July 14, 1890, which provided for the purchase by the Government of the United States of 4,500,000 fine ounces of silver per month. These measures deprived silver, so far as legislation could accomplish that end, of its two largest and most remunerative markets, and left Mexico the only country of any importance in which the coinage of the white metal continues free.

The highest price reached during the year for an ounce of British standard silver (.925 fine) was in January, when it amounted to 38 9-16 pence, equivalent to \$0.84724 per fine ounce, and the lowest 30½ pence for British standard, or \$0.66426 per ounce for fine silver. The highest average London price for any one month in the year was 38.356 pence in February, and the lowest 32.015 pence, the average price in December. The highest monthly average price of fine bar silver in New York was \$0.84380 in February, and the lowest \$0.70250 in December.

The difference between the highest and lowest monthly average price was greater than in any year since 1890, amounting to 16.7 per cent.

The average London price for the whole year of bar silver (.925 fine) was 35.596 pence, and the average price during the year of fine bar silver in New York was \$0.78219, a decline as compared with the average price in 1892 of over 10.5 per cent.

Owing to a steady although declining demand of silver for India, no great variation in the price of bar silver occurred until May, when the dearth of money in that country enabled the Indian Council to sell large amounts of telegraphic transfers, and the demand for silver being consequently smaller, the price fell from 38 9-16 pence (\$0.84724 per fine ounce) to 37 11-16 pence (\$0.83090 per fine ounce), from which price there was a recovery in June to 38¾ pence for bar silver, British standard, or \$0.84672 for fine bar silver. The closing of the Indian mints to the free coinage of silver caused a panic both in London and New York, and silver fell to 36 pence in London and to \$0.78405 in New York on the 26th. Between that date and the 30th it dropped in London to 35 pence on the 27th, to 34 pence on the 28th, to 31½ pence on the 29th, and to 30½ pence on the 30th; and in New York to \$0.76227 on the 27th, to \$0.73959 on the 28th, to \$0.68604 on the 29th, and to \$0.66426 on the 30th per ounce of fine bar silver.

On the 1st of July, British standard silver was quoted in London at 33½ pence and fine silver in New York at \$0.72960. After this there was a gradual advance, owing to the fact that for the first time China became an important buyer of bar silver and continued to take large sums until late in the year. The advance was uninterrupted until about the middle of September, when the price in London for bars ready for immediate shipment was 34½ pence and the price of fine bars in New York \$0.75449 per ounce. The price on the last day of 1893 was 31.175 pence in London

and \$0.69471 in New York. But the suspension of the free coinage of silver in India does not seem to have lessened the imports of silver into India in 1893. The net imports of ounces of silver into that country are shown in the following table for the Indian fiscal years (ending March 31) 1887-'88 to 1893-'94, the only ones for which figures are available :

<i>Years.</i>	<i>Net Imp'ts. Ozs.</i>	<i>Years.</i>	<i>Net Imp'ts. Ozs.</i>
1887-'88.....	32,782,599	1891-'92.....	32,348,438
1888-'89.....	32,436,029	1892-'93.....	45,523,512
1889-'90.....	38,643,774	1893-'94.....	54,328,853
1890-'91.....	51,529,085		

The Journal of Commerce and Commercial Bulletin says, editorially :

The net result of all the fluctuations in the currency supply of the country during the past fiscal year, as computed by the Treasury Department, has been an expansion of more than \$70,000,000; the aggregate money circulation being reported as \$1,664,000,000 on July 1st, 1894, compared with \$1,593,700,000 on July 1st, 1893. At the beginning of July last year the circulation was at the lowest point of the twelve months, having declined from \$1,610,000,000 in January, and rising to \$1,726,000,000 in December. The expansion in September alone was nearly \$70,000,000, one of the largest on record, and followed by about \$60,000,000 more in the next five months.

The estimated money circulation thus increased from \$1,593,000,000 in July of last year to \$1,739,000,000 at the end of February, and just about one-half of this great expansion, incident to the unusual financial derangements of the year, has since been offset. The present circulation, although \$75,000,000 less than the largest amount during the past year, is much greater than it has ever been before at this time of year; the nearest approach to it having been in July, 1892, when it was \$1,620,000,000, or \$44,000,000 below its present amount. The changes of the past twelve months are shown by the following comparison :

	<i>July 1st, 1893.</i>	<i>July 1st, 1894.</i>
Gold coin.....	\$403,600,000	\$497,800,000
Silver dollars.....	57,600,000	51,100,000
Subsidiary silver.....	65,400,000	58,200,000
Gold certificates.....	92,900,000	66,300,000
Silver certificates.....	326,300,000	327,000,000
Treasury notes.....	140,600,000	134,800,000
United States notes.....	320,800,000	268,700,000
Currency certificates.....	11,900,000	58,900,000
National bank notes.....	174,700,000	200,700,000

It will be noticed that the changes in silver circulation, including silver certificates and Treasury notes, have been comparatively slight; the larger items being the increase in gold coin, the substitution of currency certificates for United States notes, and the expansion of National bank note circulation. The present money circulation of the country is not only more ample than ever before at this time of year, but is more largely in the forms of currency required for the convenient transaction of the business growing out of the crop movements and development of fall trade, and the Treasury is also unusually well supplied with small notes, and prepared to meet such requirements as are usual at this time of year, and from now on until the crop movements are finished.

Earnings of Southern Cotton Mills.—The *Boston Journal of Commerce* says: Many Southern cotton mills have closed their last six months' accounts, which show earnings that must be very satisfactory to the stockholders and pleasing to the management. Many of them return from 4 to 8 per cent. for the six months in dividends to their stockholders, besides carrying quite an amount of surplus. These earnings have been made during one of the worst depressions in the cotton business the country has ever known, and during a time that the cotton mills in New England have hardly been able to get a new dollar for an old one, although many of them have not passed their dividends, but paid them from their surplus. The fact that most of the cotton mills in the South have been able to run and dispose of their goods during this long period of depression has been surprising to New England manufacturers, while our mills, which have had a long period of years to establish a high reputation, with every advantage to gain a foothold both in the home and foreign markets, have been obliged to stop on account of inability to dispose of their goods. These facts should have some weight with the management of our New England mills, and should set them to thinking as to whether it is not advisable to change their policy as to the marketing of their goods abroad. There is a large export trade that we could have by putting forth an effort to obtain it. This trade is at present in the hands of the English to a large extent, and they intend to hold it if possible, but in most cases where our goods have been sold in competition they have given great satisfaction, and leaves no doubt that could they be as easily obtained as the goods of English manufacture they would have the preference. The difficulty of obtaining our goods in many foreign countries is very great. Take the South American markets, for instance. In some of the large sea-coast cities American cotton goods, to a limited extent, can be had, but back in the interior, in most of those countries, it would be next to impossible to find a yard of the American product. English cotton mills and English merchants have their agents located there, and they are constantly on the alert to extend their trade and protect their interests in those sections. They dictate the manner in which the goods shall be put up at the mill for their market, and in this way they have succeeded for years in monopolizing the trade and at a great profit. American cotton mills should devote more attention to their export trade, and they can do it none too soon for their interests. It can be obtained only by stationing smart, capable representatives in those markets, and then paying particular attention to the manner in making and putting up the goods for different sections. There are very few who realize the amount of cotton goods that is sent abroad by our Southern cotton mills,

and to this, perhaps, as much as any other one thing, can be attributed their success during the past six months. The Southern cotton mills managers should feel proud of these facts, and are to be congratulated that while Northern mills, on both white and colored goods, have had to be operated on short time and in many cases stopped entirely, not being able to sell their product, their mills have in so many instances been able to run at a good profit and to keep their goods well sold up.

A suggestive illustration of the methods of railway bookkeeping, by which investors and the public are misinformed as to the financial condition of corporations, is afforded by the following statement recently issued by Secretary Kobbe, of the Atchison, Topeka and Santa Fé Reorganization Committee:

"Stephen Little, the expert accountant, has returned from the West. He has had every opportunity to examine the books of the company and of the receivers, but has not yet been able to complete his report, but he states that during the period from July, 1889, the date of the last reorganization, to December, 1893, the date of the appointment of the receivers, the income of the company has, in his opinion, been overstated in an aggregate amounting to about \$7,000,000. He finds that the accounts of the receivers have in all respects been accurately stated. He expects to make a detailed report to the committee soon as to his examination of the Western books, and meanwhile is examining the Eastern books."

Mr. Little's investigations showed that prior to the appointment of the receivers the Atchison management had paid about \$7,246,000 in rebates on freight shipments without deducting the amounts so paid from their stated earnings.

It would seem from the following Paris despatch to the London *Standard* that France is again to embark in the Panama folly:

M. Gautron, liquidator of the Panama Company, and M. Lemarquis, the judicial representative of the Panama bondholders, remembering that the prolonged interval before the resumption of the Panama Canal works will expire on the 31st of October, are making a determined effort for the constitution of a new company to complete the task that M. de Lesseps failed to carry out. I am unable to give the names of all the directors of the new company now in course of formation, but I am assured by the liquidator that the president will be a man whose name will inspire the confidence of the French public, and that the three great credit establishments—the Société Générale, the Crédit Lyonnais, and the Crédit Industriel—having a very large interest in the new company, will furnish at least three directors, whose presence on the board will be a guarantee for the shareholders. The new society, of which I have the statutes before me, is to be called the Compagnie Nouvelle du Canal de Panama, and is to be formed with a first share company of 65,000,000 francs.

M. Gautron, the liquidator, has undertaken to hand over to this company the concession, the work already executed, the machinery and general plant, the landed estate, and, in a word, everything on the Isthmus of Panama belonging to the bankrupt company, as well as all

the documents and plans concerning the construction of the canal. As to the shares of the Panama Railway, they are also to be made over to the new Panama Canal Company, but under the condition that the canal be completed within the time stipulated by the concession. In the case of the canal not being open for traffic within that period, the Panama Railway shares are to be returned to the liquidation fund of the old company. The money in the possession of the liquidator and the unissued lottery bonds are not comprised in this first contribution of the liquidator to the new company, which, however, undertakes to pay the liquidator 60 per cent. of the net profits of the canal. The new company assumes all the charges on the concession, and especially the 5,000,000 francs in new shares to be given to the Colombian Government in execution of the contract for the prolongation of the concession.

SURETYSHIP.

[CONCLUDED.]

When the principal's estate is insolvent, what rules have been established for the surety? First, when his liability has become absolute in the principal's lifetime, he may pay the claim after the principal's decease, and use it as a set-off against a debt owing to the estate. (*Gorman v. Volkenand*, 2 Kulp 201.) But if a judgment against a principal and surety is paid by the surety after the principal's death, and he is a debtor to the principal's estate, which is insolvent, only such a *pro rata* amount of the judgment can be applied on the debt as other creditors receive. (*Poorman v. Goswiler*, 2 W. 69; *Dorsheimer v. Bucher*, 7 S. & R. 9; *Lightly v. Brenner*, 14 S. & R. 127; *Wolfersberger v. Barker*, 10 S. & R. 11. See also *Frantz v. Brown*, 1 P. & W. 257. A recovery against the principal debtor, by the assignees in bankruptcy of an insolvent holder of a note, does not inure to the benefit of a surety, who is also a creditor of the assignor. *Sheaffer v. Wilson*, 4 L. Bar.)

If the indebtedness is mutual at the time of the principal's death, no question has ever existed concerning the surety's right to have the amount thus paid for the principal set off against a debt which he owed the principal (*Light v. Leininger*, 8 Pa. 403);* but it was not decided until after considerable controversy that a sum thus paid for the principal's benefit after the principal's death could be set off against a surety's debt that was presently due. Said Mr. Justice Lewis (*Beaver v. Beaver*, 23 Pa. 167, overruling *Boster's Adm. v. Exchange Bank*, 4 Pa. 32): "In a case of this kind it is not material that the debt [for which the surety was liable] was not due in the lifetime of the decedent. Although [the

* In an action by S. against E. & H. on a note in which H. is surety, H. may off-set a joint note, of which he is a *bona fide* owner, drawn by the plaintiff and another in which the plaintiff is principal maker. *Seybert v. Hicks*, 9 Kulp 49.

surety's] right to call for the interposition does not arise until his principal is in default by neglecting to pay the claim at maturity, it is founded upon a contract which existed before; and while he has a claim against the decedent so equitable as this, it is unjust that the representative of the latter should deprive him of the security already in his hands."

When an executor of a surety is led to believe by the creditor that he has no further claim against the surety's estate, he is estopped from further action if the principal be insolvent. (*Strominger's Estate*, 6 York Leg. Record, 140.) This rule is founded on the wider principle that "when one of two innocent persons must suffer, that one must bear the loss whose act occasioned it." (*Chapman v. Chapman*, 59 Pa. 219; *Maple v. Kussart*, 53 Pa. 351; *Eldred v. Hazlett's Adm.*, 33 Pa. 316; *Water's Appeal*, 35 Pa. 526; *Garrard v. Haddon*, 67 Pa. 82; *Hill v. Epley*, 31 Pa. 333), and as the creditor's conduct in such a case lulls the surety or his representative into inaction, he ought to suffer the consequence. But the evidence of the executor's ignorance of the creditor's note or claim must not be doubtful. (*Strominger's Estate*, 6 York Leg. Record, 140.)

A surety, jointly bound with the principal, may pay the debt and take an equitable assignment of it, and so keep it alive against the principal. (*Cochran v. Shields*, 2 Gr. 437.) Likewise, a collateral security will be kept alive for the benefit of the surety who has paid the original. (*Gossin v. Brown*, 11 Pa. 527.)

Let us now consider the rights and duties of co-sureties to each other. They are bound to observe good faith, and when funds are actually or potentially placed by the principal in the hands of one surety, to be applied either to the payment of the debt or for the purpose of indemnifying him from any loss that may arise from the suretyship, he must be considered as holding them for the common benefit of himself and his co-sureties. (*Agnew v. Bell*, 4 Watts 31; *Shaeffer v. Clendenin*, 100 Pa. 561.)* But a right of action for contribution between co-sureties does not arise until one of them has paid more than a due proportion of the debt. (*Martin v. Frantz*, 127 Pa. 389.) Until then, the Statute of Limitations does not run between them. (*Ib.*) In *Shaeffer v. Clendenin* (100 Pa. 565), A. and B. were accommodation indorsers of a promissory note and each paid one-half of the balance. The maker's wife assigned a judgment to B. for his individual indemnity. Yet

* A surety, who pays the debt of the principal, is not entitled to substitution to the rights and remedies of the creditor as against his co-surety, by reason of any consideration which existed between the principal debtor and the co-surety for his entering into the original obligation, especially when there are intervening creditors whose rights would be effected by making the substitution. *Himes v. Keller*, 3 W. & S. 401.

the other indorser and surety was entitled to one-half the sum recovered on the judgment. (*Shaeffer v. Clendenin*, 100 Pa. 565.) As the right for contribution does not arise until a co-surety has paid more than his proportion of the debt, the Statute of Limitations does not begin to run between them; consequently, his right is unaffected by the fact that the statute may have barred any direct liability of the other surety to the creditor. (*Martin v. Frantz*, 127 Pa. 389.)

Some cases of contribution will now be considered. One of two co-sureties, who has paid the debt in full, is entitled to contribution, though on a judgment given by the principal for their indemnity he has failed to collect his money. (*Zimmerman v. Neuer*, 1 Pears. 110.) In a judgment bond also, given to secure the payment of four notes, on which A. was surety, and on one of which B. was co-surety, B. was entitled to share ratably in the amount realized on the judgment. (*Black v. Robinson*, 13 W. N. 172.) On the other hand, a person who signs as surety a judgment-note executed by two apparent joint makers, without notice that one of the latter is in fact a surety only for the other, is not liable to the co-surety for contribution. (*Patterson v. Anderson*, 16 W. N. 569.) And if a promissory note shows on its face that one of the makers signed as "bail," he cannot be compelled to contribute to the principal. (*Zimmerman v. Bridges*, 2 Cent. 572.) Lastly, if a surety agrees with one of two persons for whom he is bound that if he, the principal, will pay one-half the debt, he, the surety, will pay the other half for the other principal, and the one-half is paid by the principal in accordance with the agreement, the surety cannot maintain an action against both principals to recover the part that he has paid. The express agreement presents the implying of a promise against each principal to indemnify the surety to the whole amount that he should pay. (*Duncan v. Keiffer*, 3 Binn. 126.)

When the obligation of sureties is joint and several, the discharge of one of them does not release the other from the payment of his proper proportion of the claim. (*Klingensmith v. Klingensmith's Ex.*, 31 Pa. 460; *Schock v. Miller*, 10 Pa. 401, affirmed.†) Thus, S. lent to B. and C. \$250 each and took their joint note for \$500. B. was liable for half the note as principal and half as surety. S. told B. that if he would pay half the note, he would give him a receipt in full for his half; B. paid the half and the receipt was given; nevertheless he was not released from the other half. (*Sterling v. Stewart*, 74 Pa. 445.) In another case a

† When one of several joint sureties pays the whole debt, he will be entitled to the judgment to enforce contribution from his co-surety. *Packer v. Vandevender*, 13 Pa. C. C. 31; *Croft v. Moore*, 9 W. 451; *Mosier's Appeal*, 56 Pa. 80; *Hess' Estate*, 69 Pa. 275.

judgment was recovered against A., B. and C. on a joint and several note which was paid by B. and C. Before doing so, however, D. and E. at A.'s request, and without B.'s knowledge, had entered recognizance for a stay of execution. They sought to collect the judgment against D., C. and E. on the ground that they were sureties, simply on the original note, but failed. (*Wolf v. Stover*, 107 Pa. 206.*)

The accidental erasure of the signature or seals of two sureties to an obligation for the payment of money, does not affect a third surety's liability, nor would the restoration of the signature without the seal, and without the consent of the other obligor. (*Rhoads v. Frederick*, 8 W. 448.) Nor does the taking of a judgment from one of four joint obligors or sureties affect the responsibility of the others. (*Rhoads v. Frederick*, 8 W. 448.)

If one of several sureties in a note should take it up by another note of the principal, indorsed by such surety, the first note would be discharged, and the surety would have no right to keep it alive for his protection should he be required to pay any part of the second one. (*Barnett v. Reed*, 51 Pa. 190.†) Furthermore, as he would be only an accommodation indorser on this, he would have no claim to subrogation to the rights of the holder of the first note against his co-surety; for he ceased to be a co-surety with the indorser when that note was paid. Again, the indorser as a surety in the first note could require the principal to pay it at maturity; but as the holder of the first note took a new note from the principal and thus extended the time of payment, he tied the hands of the co-surety during the extended period, and as the other surety was a party to this arrangement, he could not hold his co-surety liable in law or equity. (*Barnett v. Reed*, 51 Pa. 190.†)

If one creditor has a judgment against a principal and surety

* When the obligation of a principal is surrendered in consideration of another in which he is merely a surety, he is in the new obligation entitled to all the rights of a surety. *Miller v. Stem*, 12 Pa. 383.

"A surety who pays the principal's debt is entitled to be subrogated to all the rights and remedies of the creditor against his co-surety, in the same manner as against the principal." *Hess' Estate*, 69 Pa. 272.

† A covenant of F. to become the surety of O. to M. in a certain note in which G. was then the surety, and thereby "relieve and exonerate" G. as surety, is rightly sued in G.'s name. *Flinn v. M'Gonigle*, 9 W. & S. 75.

†† On a joint and several bond a separate action may be maintained against each obligor, or a joint action against both. If a separate action is brought, the executor of a deceased defendant as well as the survivor continues liable. *Walter v. Ginrich*, 2 W. 204. But if all the obligors are joined, and one of them dies pending the action, the remedy against the assets of the deceased is gone, and the survivor alone continues liable. *Ib. Downey v. Farmers & Mechanics' Bank*, 13 S. & R. 288.

and another has a judgment against the surety, and the creditor against both collects his judgment from the surety, the other creditor is entitled to his judgment. (*Huston's Appeal*, 69 Pa. 485; *Gearhart v. Jordan*, 11 Pa. 325; *Lloyd v. Galbraith*, 32 Pa. 103; *Bunting v. Riehl*, 2 Pa. C. C. 450; *Neff v. Miller*, 8 Pa. 347, overruling *Harrisburg Bank v. German*, 3 Pa. 300.) Thus, S. had a judgment against A. and F., his surety. F. also had a surety, C., who paid a judgment obtained by H. against himself and F. F.'s land was sold and S. was paid by the sheriff from the proceeds, who assigned his judgment to H. F. assigned to C. his interest as surety of A. in the judgment of S. H. was subrogated to the judgment of S. in preference to C. (*Huston's Appeal*, 69 Pa. 485.)

"Whenever one person is legally bound to pay the proper debt of another, the former, in a certain sense, occupies the position of surety for the latter, and if the surety pays the debt he has a right of action against his principal. This right of action may sometimes be asserted by an independent suit, and at other times in the form of subrogation." (Sterret, J., *Shamburg v. Abbott*, 112 Pa. 13.*) This is a mode of procedure which equity adopts to compel the ultimate discharge of the debt by him who in good conscience ought to pay the same. To the creditor both may have been equally liable, but if, as between themselves, there is a superior obligation resting on one to pay the debt, the other, after paying it, may use the creditor's security to obtain reimbursement. To effect this the latter is allowed to take the place of the creditor, and make use of all the creditor's securities as if they were his own. (*McCormick's Adm. v. Irwine*, 35 Pa. 111, 117; *Bender v. George*, 92 Pa. 80; *Cottrell's Appeal*, 23 Pa. 294; *Mosier's Appeal*, 6 Sm. 76.) Subrogation is born in equity and will never be decreed if the legal rights of any one are to be sacrificed, or an innocent third party be injured. (*Budd v. Oliver*, 148 Pa. 194; *Fink v. Mahaffy*, 8 W. 384; *Bank of Pennsylvania v. Potius*, 10 W. 148; *Lloyd v. Galbraith*, 32 Pa. 103; *Hoffman v. Leach*, 2 Luz. L. Obs. 180; *Fluke v. Daugherty*, 3 Luz. L. Obs. 384; *Erb's Appeal*, 2 P. & W. 296; *Kyner v. Kyner*, 6 W. 221; *Coates' Appeal*, 7 W. & S. 99; *McGinnis' Appeal*, 16 Pa. 445; *Cooper v. Platt*, 39 Pa. 528; *Joyce's Estate*, 2 Am. L. J. 254.) Says Judge Finletter: "The principle which governs in all cases of substitution is one of equity merely, and is to be carried out in the exercise of an equitable discretion with a due regard to the legal and equitable rights of others. . . . As subrogation is purely an equitable right, we ought to deny it in all cases where its exercises would produce such injustice." (*Keely v. Cassidy*, 93 Pa.

* Subrogation or contribution against a co-surety may be enforced by a rule to show cause. *Packer v. Vandevender*, 13 Pa. C. C. 31.

319; *McGinnis' Appeal*, 16 Pa. 448; *Lloyd v. Galbraith*, 32 Pa. 103; *Zeigler v. Long*, 2 Watts 206; *Hancock v. Steen*, 2 Miles 273; *Wallace's Estate*, 9 Sm. 405. For a discussion of the doctrine of a partial and postponed subrogation to the remedies of a partly satisfied creditor, see opinion of Mitchell, J., in *Graff, Bennett & Co.'s assigned estate*, 139 Pa. 69, 75.) Moreover, due diligence must be exercised in asserting it. Negligence in taking advantage of the right will forfeit it as against one who has been thereby injured. (*Gring's Appeal*, 89 Pa. 336.) And in making an order of subrogation all the parties must be before the court who are interested in the fund sought to be charged. (*Evans v. Duncan*, 4 W. 24.*)

When can a surety claim this equitable right? Whenever he has paid a judgment against the principal and himself, he succeeds to the rights of the creditor and is entitled to collect the judgment. (*Duffield v. Cooper*, 87 Pa. 443; *Wright v. Grover*, 82 Pa. 80; *Fisher's Estate*, 7 Lanc. 333; *Pepper v. Watts*, 7 Lanc. 241; *Newman v. Elkinton*, 1 Phila. 357.) And when his estate pays the debt, the administrator is entitled to be subrogated to the security against the principal. (*Ward's Appeal*, 100 Pa. 289.) Likewise the sureties of an indebted bank shareholder, whose stock and the dividends thereon cannot be transferred while his indebtedness to the institution remains, may be subrogated to the security thus held by the bank whenever they have discharged his debt. (*Klopp v. Lebanon Bank*, 46 Pa. 88.) Also when one of two debtors in a note is compelled to pay the entire amount, he can be subrogated to the creditor's rights against the estate of his deceased co-obligor for the latter's proportion of the debt. (*Ackerman's Appeal*, 106 Pa. 1.†)

When a surety obtains from the principal an assignment of a mortgage as an indemnity from which something is received, and the lands of his co-surety are sold to pay the principal's debt, the creditors of this co-surety, with his consent, have the right to be subrogated in the judgment held by the original creditor against the surety to the extent of one-half of the amount received

* "The right to subrogation is one merely in equity, and due diligence must be exercised in ascertaining it. Laches in taking advantage of the right will forfeit it as against one who is injured by such laches." *Gring's Appeal*, 31 Pa. 292; *Douglass' Appeal*, 48 Pa. 225.

† M. and W. were sued by T. on a note drawn by them payable to the order of a company, which was indorsed by it to J. and by him to T., and by him to a bank. The bank recovered part of the note from T. and the remainder from J. After recovery by T. from the makers of the amount, he was compelled to pay J. the portion due to him, or on payment by J. of the portion due to T., J. was entitled to subrogation of the judgment. *Ward v. Tyler*, 52 Pa. 393. T. released J. from all obligations to him. This did not discharge the drawers from the part due to J. *Id.*

from the mortgage. (*Moore v. Bray*, 10 Pa. 519.) And when a mortgage is given by the maker of a note to secure his indorser, and both maker and indorser become insolvent without paying it, the holder may have the benefit of the security. (*Bank's Appeal*, 101 Pa. 436; see note in 13 W. N. 117.)

Some other applications of this principle of subrogation may be mentioned. One of three joint sureties who has paid the debt of their common creditor is entitled to subrogation. (*Croft v. Moore*, 9 W. 451; *Bunting v. Riehl*, 2 Pa. C. C. 450.) Likewise, one of the joint makers of a judgment note, given for the balance of the purchase money for land, who pays the whole, is entitled to subrogation, and can hold the judgment as a lien against the real estate of his co-maker. (*Ackerman's Appeal*, 106 Pa. i.) One who pays a forged note in aid of a debtor can be subrogated to the original valid indebtedness for which the forged note was given. (*Fisher's Estate*, 1 Chest. 337.) A surety who pays a judgment with money borrowed on his individual credit is entitled to subrogation, though he has given the lender a judgment note, in which the principal in the original judgment joins as surety. (*Owen's Appeal*, 11 W. N. 488.) A surety in the original obligation who has paid the debt is entitled to subrogation against a subsequent surety for the principal. (*McCormick v. Irwin*, 35 Pa. 111.) And the surety of a surety, who has paid and discharged the obligation, has the same equity of subrogation as the one for whom he was bound. (*Rittenhouse v. Levering*, 6 W. & S. 190.) Lastly, a creditor may be subrogated to the rights of a surety in a security given to him by the principal debtor; but this right only extends so far that the creditor stands in the place of, and having the rights of the surety. (*Harmony Bank's Appeal*, 101 Pa. 428.)

On the other hand, one who has given his note to the lien creditor of a third person cannot be subrogated to the creditor's lien before payment of the note. (*Hoover v. Epler*, 52 Pa. 522.) Likewise one who loans money to a married woman on her personal obligation for the improvement of her estate, has no equity to be subrogated to the rights of the mechanics and material men who made the repairs, and were paid with his money. (*Cellars v. Heinbaugh*, 117 Pa. 218.) As a judgment confessed to secure an accommodation-indorser is a personal indemnity, one who subsequently indorses a renewal note in discharge of the former indorser is not entitled to subrogation. The subsequent indorser is a mere volunteer, and the judgment ceases to exist as a security on the discharge of the person for whose benefit it was given. (*Webster's Appeal*, 86 Pa. 409; rev's'g 7 Luz. L. Reg. 51.) When judgments have been obtained against the maker and indorser for the amount of a promissory note, and a third person who has become bail

for a stay of execution in the judgment against the maker pays it at the expiration of the stay, he acquires thereby no equity to be subrogated to the rights of the plaintiff in the judgment against the indorser; on the contrary, he would be liable to the indorser if he was obliged to pay the debt. (*Allegheny Valley R. Co. v. Dickey*, 131 Pa. 86.)

When a debt is paid, as between the principal and surety, or is barred by the Statute of Limitations, subrogation is at an end. (*Fink v. Mehaffy*, 8 W. 324; *Bank v. Potius*, 10 W. 152; *Farmers' Bank v. Gilson*, 6 Pa. 51, 57.)

As we have seen, a partner has no right to indorse a note for accommodation, or to become a surety. But a surety who signs the sealed note of a firm which is signed by one partner only, and not both, is nevertheless liable thereon. Said the court: "The point of defense is rested on an assumption of the fact that the surety supposed the signature would bind both parties. But his mistake was in a matter of law which he was bound to know; and even had it been a matter of fact, which was the basis of his motive for becoming bound, it would not avail him, unless it were induced by the misrepresentation of the obligee." (*Stewart v. Behm*, 2 W. 356.)

As the action on such an instrument may be brought against all the partners, a surety who pays money thereon is entitled to the usual remedies against all of them. He may be subrogated to the remedy on the contract, or he may have his action for money paid for the use of the partnership, and the note signed by the ostensible partners and their surety is competent evidence. (*Hill v. Voorhis*, 22 Pa. 68; see *Graeff v. Hitchman*, 5 W. 454; *Given v. Albert*, 5 W. & S. 333.)

A judgment recovered against the principal debtor in the absence of fraud and collusion is conclusive of the amount of the surety's liability. (*Lindsey v. Reid*, 101 Pa. 438.) Nor can he avail himself of circumstances as a defense which were caused by his own delay to do what would have relieved him from the payment of the money. (*Shaeffer v. McKinstry*, 8 W. 258.)* Nor is he discharged by the neglect of the party guaranteed, to take advantage of a slip in the proceedings against him, in a mere matter of practice. (*Barber v. Wolcott*, 15 Pa. 57.)

* A surety who has no defense of his own, can set up none of which his principal cannot avail himself. *Barr v. Greenwalt*, 62 Pa. 172.

MR. SPRINGER ON BANKING.

[CONTINUED.]

ORIGIN OF "WILD-CAT."

The practice which prevailed in many States of locating banks in remote and inaccessible places, gave rise to the term "wild-cat," as applied to certain State bank currency. It was found that in some instances the banks were located where wild-cats were more numerous than population. In Illinois the term "stump-tail" was freely applied to certain kinds of bank notes; and in Michigan the term "red dog" and "wild-cat" were indiscriminately used in order to express the contempt which all entertained for the circulating medium with which the State at that time was cursed.

UNFITNESS AND WANT OF UNIFORMITY.

I cannot more properly close this branch of the subject than by quoting an extract from the address of Mr. Hugh McCulloch, late Secretary of the Treasury, at Philadelphia in 1876:

"From the time of the expiration of the charter of the United States Bank up to 1861, the State banks furnished the country with its paper circulation, and to a great extent controlled its business. It is not necessary to dwell upon the defects of the State bank systems, or the character of a considerable part of the notes which the people were compelled to receive and treat as money. There were scarcely two States in the Union whose systems were alike. In some States banks were chartered with proper restrictions upon their discounts and their circulation; in others without any such restrictions. In some there was individual liability, in others no liability whatever, not even in cases of gross mismanagement.

"In some States the circulation of the banks was secured, partially, at least, by mortgages and bonds; in others there was no security except the capital, which was frequently a myth. In some States banking was a monopoly, in others it enjoyed the largest liberty. The consequence was that we had a bank-note circulation frequently worthless, and, when solvent, lacking that uniform value which was needed in business transactions between the citizens of the different States. It is enough to say that the circulation of the State banks was entirely unfitted for a country like ours; that by it the people were subjected to enormous losses, not only in the way of exchanges, but in the inability of a great many of the banks to redeem their notes."

The conclusion of the whole matter is tersely stated by Mr. McCulloch. It is this: That the circulation of the State banks, when they were permitted to issue circulating notes, was entirely unfitted for a country like ours, and that the people were subjected by this system to enormous losses.

Warned by the sad experiences of the past, let us as legislators and representatives of the people, at this time enact such legislation as will provide a currency for all the people, which will be uniform in volume, and readily accepted as safe and sound in every part of our common country.

THE CONSTITUTIONAL POWER.

The Constitution evidently intended to give to Congress exclusive jurisdiction in reference to money. Section 8 of Article I. provides that—

“The Congress shall have power . . . to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.”

And in Section 10 of the same Article it is provided that—

“No State shall . . . coin money; emit bills of credit; make anything but gold and silver coin a tender in payment of debts.”

I am aware that there are many conflicting opinions of individuals and decisions of courts as to the meaning and scope of these provisions of the Constitution. But all admit that the exclusive power to coin money and to regulate the value thereof is vested in the Congress of the United States. There is no real money in this country except the coins of the United States. Paper currency is merely a promise to pay coin—to pay money. It is not the coin or the money itself. It is a mere order to pay money. The paper currency, however, is not presented at once for payment, but is kept in circulation; it passes from hand to hand, and performs all the functions of real money. As it is lighter and more convenient to carry on the person, it is preferred to the metallic money, and after a time the people lose sight of the fact that the paper note is a mere promise to pay money, and the paper becomes to be regarded as money itself.

For all practicable purposes it is money. But its value depends upon its convertibility into coin on the demand of the holder. If this feature is wanting its value is uncertain, and it will pass for that amount only which, in the judgment of the community, it will ultimately procure in coin. The coin is the money at last, and Congress was given exclusive jurisdiction over coins—the power to coin money and to regulate the value thereof. This power unquestionably embraces the whole subject of money. Paper currency practically is nothing if not money. It performs all the functions of coin. It is a substitute for coin, and has no other function to perform except such as are performed by coin itself.

How then can paper currency be subject to State jurisdiction, when the coin for which it stands, and in which it is payable, and which performs precisely the same functions, is subject to Federal jurisdiction? Does not the greater jurisdiction include the less? Can a child be subject to the jurisdiction of the State and the parent to that of the nation? Can the nation prescribe laws for the government of the principal and the State for his agent? If such were attempted, into what inextricable confusion would society be plunged? To avoid such confusion in finance, we must adhere to the doctrine that Congress has exclusive jurisdiction over money and over everything that passes for money, everything that performs the functions of money. If we will adhere to this doctrine our duty as legislators is clear, and our task is simple and easy of execution.

We must provide a National currency—a currency that will readily pass at its face value in every part of our broad land; that will at all times and under all conditions and in all places perform all the functions of our National coins, and be convertible into such coins at the will of the holder. No power can provide such a currency for our country except the Congress of the United States. Congress alone can furnish the guaranty that will make paper currency convertible into coin under any and all conditions; Congress alone can give to paper currency that function which distinguishes it from a mere personal check—

the debt-paying power of money; Congress alone can furnish a currency which will meet the requirements of our interstate and foreign commerce, and which will, at the same time, meet the wants of the people in every part and section of the country.

Mr. Cox—Apologizing to the gentleman for interrupting him, I ask him if it is his opinion that Congress alone has the power to issue paper currency?

Mr. Springer—That is my opinion.

Mr. Cox—That is what I understood.

Mr. Springer—That is merely my opinion.

Mr. Cox—I just wanted the information.

Mr. Springer—The States cannot meet the requirements of the situation. Each State would provide a different system, different kinds of bills, different kinds of securities, different reserve funds, different methods of redemption, and different plans for inspection and publication of bank conditions. There would be uncertainty, want of information as to solvency of banks, want of knowledge of the thousands of different kinds of bills in circulation, and general confusion in all branches of business. All this can be avoided. It is not only in the power of Congress, but it is its duty to furnish the people a National currency—a currency as safe and as simple as our coins, easily understood, readily convertible, and universally accepted.

NO STEP BACKWARD.

After thirty years' experience with a National currency, the people of the United States will never consent to return to the State bank issues which prevailed before the war. They were the best issues known to us at that time. But they had often produced widespread disaster, and were always wanting in uniformity and general acceptability. The very best of such State issues were far inferior to our present National currency. Why should we give up that which is conceded to be better, and return to that which all must admit was inferior? Let us hold fast to that which is always good, rather than return to that which was sometimes good, sometimes worthless, and always insufficient and uncertain.

To return again to State bank circulation would be like discarding our palace cars and going back to the old Concord coaches of fifty years ago; like abandoning our magnificent railways for the old Cumberland dirt roads and the turnpikes of Kentucky; like throwing aside a mammoth locomotive drawing a hundred freight cars for the "prairie schooner" drawn by oxen; like discarding the fast mail, dashing through the country at 60 miles an hour, for the "solitary horseman" carrying the mails in saddlebags over corduroy roads at six miles an hour. In my judgment there is no more reason for this country returning to the policy of State bank currency than there is for re-establishing slavery or for peacefully permitting the secession of any State from the Union. The dead past has buried its dead, and for State corporations authorized to issue circulating notes let there be no resurrection.

THE VEAZIE BANK VS. FENNO.

Congress has power to provide a National currency. We are no longer left in doubt on this subject. The Supreme Court of the United States, in the celebrated case of the *Veazie Bank v. Fenno*, reported in 8 Wallace, page 548, has forever set at rest the power of Congress over the currency. The court in that case held that Congress has the power to deal with this subject; and if Congress has the power to deal with this subject, it seems to me it does not require argument to establish

that a currency emanating from Congress or through authority of Congress, which would be acceptable in every part of the country without question and have the fewest character possible of bills in circulation, so as to make it easily understood by the people, would be preferable to a variety of bills and a complication of systems.

The case to which I have referred arose out of the act of Congress imposing a tax of 10 per cent. upon the circulation of State banks, and upon all other notes used for circulation, except National bank notes. The court held that tax to be constitutional; that Congress not only had the power to suppress by taxation, or otherwise, State bank notes, but also the power to provide a National currency. I will quote briefly from the decision of the court in that case. The court said:

"It cannot be doubted that under the Constitution the power to provide a circulation of coin is given to Congress. And it is settled by the uniform practice of the Government and by repeated decisions that Congress may constitutionally authorize the emission of bills of credit. It is not important here to decide whether the quality of legal tender in payment of debts can be constitutionally imparted to these bills; it is enough to say that there can be no question of the power of the Government to emit them; to make them receivable in payment of debts to itself; to fit them for use by those who see fit to use them in all the transactions of commerce; to provide for their redemption; to make them a currency, uniform in value and description and convenient and useful for circulation. These powers, until recently, were only partially and occasionally exercised. Lately, however, they have been called into full activity and Congress has undertaken to supply a currency for the entire country."

This decision was rendered in December, 1869. It did not emanate from a Republican court, as some have supposed. It was pronounced by Chief Justice Chase, who, except on the slavery question, was a Democrat. On the bench his associates were Mr. Justice Nelson, appointed by President Tyler; Mr. Justice Greer, of Pennsylvania, appointed by President Polk; Mr. Justice Clifford, of Maine, appointed by President Buchanan in 1858; Mr. Justice Swayne, of Ohio, appointed by President Lincoln; Mr. Justice Miller, appointed by President Lincoln; Mr. Justice David Davis, appointed by President Lincoln, and Mr. Justice Field, appointed by Mr. Lincoln. That was the court. The dissenting opinion was made by Mr. Justice Nelson and Mr. Justice Davis. The other members of the court concurred in that opinion.

The court further says:

"To the same end Congress may restrain, by suitable enactments, the circulation as money of any notes not issued under its own authority. Without this power, indeed, its attempts to secure a sound and uniform currency for the country must be futile."

Thus it appears the court holds that Congress cannot only suppress State bank issues by the taxing power, but by penal statutes it can prohibit them in all the States.

This decision has been quoted many times. It is the law of the land as much as if its text were in the Constitution itself. However much you or I as individuals may think that the court erred when it made that decision, we have no right to think so as legislators, because the Constitution provides that the Supreme Court shall be the final arbiter as to what the meaning of the Constitution is.

Mr. Cox—Do you hold to the doctrine that Congress has the power to assess taxes to the extent that it prohibits and destroys?

Mr. Springer—I do, as to State bank notes and as to all notes used to circulate as money.

Mr. Cox—And for the purpose of destroying?

Mr. Springer—Yes, sir. In this respect I may be in the minority on this side of the House.

Mr. Warner—You are on the Republican side.

Mr. Springer—I may be in the minority; but I call the attention of gentlemen on this side of the House to the fact that one of the most distinguished statesmen of our country in his day—Mr. Gallatin, of Pennsylvania—entertained the same opinion.

MR. GALLATIN'S VIEWS.

Albert Gallatin was to the Democratic party what Alexander Hamilton was to the Federalist party. Mr. Gallatin was Secretary of the Treasury for eight years during Mr. Jefferson's two terms as President, and for five years under Mr. Madison. He is universally conceded, by Democrats at least, to be the greatest of American financiers of his day. In 1831 he published a small volume, entitled "Considerations on the Currency and Banking System of the United States." On page 75 of this work Mr. Gallatin said:

"Congress has the power to lay stamp duties on notes, on bank notes, and on any description of bank notes. That power has already been exercised; and the duties may be laid to such an amount and in such a manner as may be necessary to effect the object intended. This object is not merely to provide generally for the general welfare, but to carry into effect, in conformity with the last paragraph of the eighth section of the first article, those several and express provisions of the Constitution which vest in Congress exclusively the control over the monetary system of the United States, and more particularly those which imply the necessity of a uniform currency. The exercise of the power for that object is free from any constitutional objection, provided the duties thus laid shall be uniform and applied to the Bank of the United States as well as to the State banks."

And further Mr. Gallatin said on the same page:

"Congress may, if it deems it proper, lay a stamp duty on small notes which will put an end to their circulation. It may lay such a duty on all bank notes as would convert all the banks into banks of discount and deposit only, annihilate the paper currency, and render a Bank of the United States unnecessary in reference to that object. But if this last measure should be deemed pernicious or prove impracticable, Congress must resort to other and milder means of regulating the currency of the country."

Mr. Gallatin contended that one of the great objects of the Federal Constitution was to secure to the people of the United States "a sound and uniform currency." He caused the word "uniform" to be printed in italics, thus emphasizing the necessity of uniformity. I regard Mr. Gallatin's opinion upon this subject, in view of his intimate personal and political relations with Mr. Jefferson, the father of the Democratic party and author of our Declaration of Independence, as of equal importance at this time to the decision of the Supreme Court of the United States.

GEN. JACKSON FOR A UNIFORM AND SOUND CURRENCY.

Andrew Jackson, in his first message to Congress, in December, 1829, opposed the rechartering of the Bank of the United States, giving among other reasons that—

"It must be admitted by all that it has failed in the great end of establishing a uniform and a sound currency."

He further suggested that—

"If such an institution is deemed essential to the fiscal operations of the Government, whether a National one, founded upon the credit of the Government, and its revenues might not be devised, which would avoid all constitutional difficulties and at the same time secure all the advantages to the Government and country that were expected to result from the present bank."

I believe, with President Jackson, that a National system can be devised which will be free from all constitutional difficulties, and which will secure to the people a sound and uniform currency, founded upon the credit and revenues of the Government.

'JEFFERSON FAVORS CONGRESSIONAL CONTROL.

Thomas Jefferson, in a letter to J. W. Eppes, of June 24, 1813, said :

"The States should be applied to, to transfer the right of issuing circulating paper to Congress exclusively, *in perpetuum* if possible, but during the war at least, with a saving of charter rights. Private fortunes in the present state of our circulation are at the mercy of those self-created money lenders, and are prostrated by the floods of nominal money with which their avarice deluges us." (Writings of Jefferson, volume 6, page 140.)

Mr. McMillin—If the gentleman will permit me, if Mr. Jefferson thought the power he claims existed, why did he insist that the State should be applied to to yield the power?

Mr. Springer—He recognized the fact that the power was being used without objection on the part of the general Government, and that the States ought to be requested to give it up.

Mr. Jefferson, in speaking of the policy of Great Britain, where specie payments were suspended at that time, said :

"The unlimited emission of bank paper has banished all her specie, and is now, by a depreciation acknowledged by her own statesmen, carrying her rapidly to bankruptcy, as it did France, as it did us, and will do us again, and every other country permitting paper to be circulated other than by public authority, rigorously limited to the just measure for circulation."

In a letter to Jean Baptiste Say, dated March 2, 1815, Mr. Jefferson said that our circulating medium at that time was estimated at from two to three millions of dollars on a population of eight and a half millions. The banks, he said, "were able for awhile to keep this trash at par with metallic money." Commenting further, he said :

"The Government is now issuing Treasury notes for circulation, bottomed on solid funds and bearing interest. The banking confederacy (and the merchants bound to them by their debts) will endeavor to crush the credit of these notes; but the country is eager for them, as something they can trust to, and as soon as a convenient quantity of them can get into circulation the bank notes die."

In a letter to Albert Gallatin, dated October 16, 1815, Mr. Jefferson said :

"We are undone, my dear sir, if this banking mania is not suppressed—*Aut Carthago, aut Roma delenda est.*"

The idea which he intended to convey by this classic quotation was that the Government must destroy the banks or the banks would destroy the Government.

Again, Mr. Jefferson in the same letter, overflowing with righteous indignation against the banks of issue, said :

"Put down the banks. . . . Not by any novel project, not by any charlatanerie, but by ordinary and well-experienced means, by the total

prohibition of all private paper at all times."—Writings of Jefferson, volume 6, pages 488, 489.

Referring to the general bank failures at that time, and the immense loss sustained by the people on account of the depreciated and worthless paper money, Mr. Jefferson wrote in a letter to Thomas Cooper, September 10, 1814, as follows :

"Thus, by the dupery of our citizens and tame acquiescence of our legislators, the nation is plundered of two or three hundred millions of dollars, treble the amount of debt contracted in the Revolutionary war."

CALHOUN AGAINST STATE BANK PAPER MACHINES.

John C. Calhoun, in a speech delivered February 26, 1816, said :

"The right of making money, an attribute of sovereign power, a sacred and important right, was exercised by two hundred and sixty banks, scattered over every part of the United States, not responsible to any power whatever for their issue of paper."

He pointed out the remedy. It was that the banks should return to their original use ; that they should give up their usurped power ; that they should return to their legitimate office of places of discount and deposit. Let them, he said, "be no longer mere paper machines ;" "resolve that everywhere there shall be a uniform value to the National currency."

In 1834, Mr. Calhoun deprecated the great and growing disproportion between the metallic and paper circulation of the country, effected through the instrumentality of the banks. He said that it had plunged the country into deep and extensive distress, and that "it was daily consigning hundreds to poverty and misery ; blasting the hopes of the enterprising, taking employment and bread from the laborer, and working a fearful change in the relative condition of the money dealers on one side and the man of business on the other—raising the former rapidly to the top of the wheel, while it is whirling the latter with equal rapidity to the bottom."

Will not members of this House heed the warnings of our fathers ? Of Jefferson, of Jackson, of Gallatin, of Calhoun, and of hundreds of other great statesmen and shining lights in the Democratic party of the past years ? There is remarkable unanimity among the leading statesmen of the past in favor of a sound and uniform currency, which Congress alone has the constitutional power to provide.

THE DUTY OF CONGRESS.

It is not only, therefore, within the power of Congress to provide a National currency, but it is, in my judgment, the duty of Congress to provide such a currency, and to prohibit the circulation as money of all notes not sanctioned by Congress. Daniel Webster, in a speech in the United States Senate, September 28, 1837, said :

"That it is the constitutional duty of this Government to see that a proper currency, suitable to the circumstances of the times and to the wants of trade and business, as well as to the payments of debts due to the Government, be maintained and preserved ; a currency of general credit, and capable of aiding the operations of exchange, so far as those operations may be connected by means of the circulating medium ; and that there are duties, therefore, devolving on Congress in relation to currency beyond the mere regulation of the gold and silver coins."

[TO BE CONTINUED.]

LESSONS OF THE RECENT PAST.

The following paper was read at the last convention of the Tennessee State Bankers' Association by Herman Justi, president of the First National Bank of Nashville:

An analysis of the commercial troubles which have befallen us lately and from which we have not yet recovered, should be treated by a specialist in economic science. I shall, therefore, not venture into that inviting, but wide and difficult field. I shall be equally careful to avoid any speculation as to the uncertain future.

The "recent past and its lessons" has been scientifically treated by many great thinkers, and their researches and observations, besides being interesting, are necessary to a correct knowledge of the subject. A familiarity with the various and opposite views of the able writers who have lately treated of this topic is presupposed in my observations. I am mindful of the importance of the original causes, but I prefer to deal with the consequences. Local troubles and conditions are so full of suggestion, that I feel we need not search for remote causes which have, of course, affected us, but which would have had important consequences if they had not come concurrently with local disorders. We know that a panic was precipitated upon us last summer, and what we are now most concerned in knowing, is why we could not successfully meet it. Charity begins at home and so should investigation. In fact, all reform should begin at home—begin with ourselves. He who advocates reform must stand behind his measures as an example—not as a warning. We are all prone to shift responsibility, and to lecture our neighbors, whilst complacently closing our eyes to our own ignoble part in the mistakes and follies that appear on every page of the diary of human life. The poet has well said:

"If every man would see to his own reformation,
How very easily we might reform a nation."

The application of one of the truths contained in these lines leaves one course open to me, viz., to begin at home and work outwardly, and in this outward movement, I shall stop far short of the failure of the great banking-house of the Baring Bros., of the delay and uncertainty of tariff legislation, of the evils attributed to the Sherman silver bill, of the extravagance of the Fifty-second Congress, of the obstructive and destructive legislation of the present Congress, of the epidemic of disaster and depression, strikes and riots everywhere in the world, and numberless other evils as well, all of which have been fully discussed by writers and speakers at all the great centers of thought. There are at home sufficient evils to engage our attention.

OUR TROUBLE AN OLD ONE.

We speak of the recent past as though all our troubles burst suddenly upon us. Is this true? Are they not rather the penalty required of us for the sins, the blunders and false policies of a decade, or of a generation? We sometimes say of a man that he became suddenly ill, apparently without cause. While it is true that illness may suddenly manifest itself, the man has been out of health without knowing it, or, if knowing it, without concerning himself about it, so that he has gone on doing imprudent things until his physical nature has rebelled, and has laid him prone upon his back. So it was with our recent troubles; re-

gardless of consequences we had been defying certain well established economic laws. It needs no argument to prove that we were unprepared for the storm. Our house, so to speak, was in the greatest disorder, and invited the fierce elements that ultimately overtook us. What happened, therefore, while unexpected, was a natural consequence. So greatly had we abused natural laws for a long time, that even a distinct warning, unless it had come three years ago, would not have enabled us to prevent in some form, the trouble that finally came.

WHAT WAS OUR TROUBLE?

What was our condition? Why were we unable to cope with difficulties that some other communities met successfully? Necessarily there must have been some grave local disorders that rendered us powerless in this great and not wholly unforeseen struggle. In a retrospective view we are met with such questions as these, viz.:

Have we been content to make haste slowly in the race for fortune, or have we taken all the short cuts and all the desperate chances to become suddenly rich?

Have we lived prudently, wisely and within our income?

Have we applied well-established business rules and methods to business affairs?

Have we discharged our duty as good citizens by an intelligent exercise of the right of suffrage, and by an honest and temperate exercise of the right of free speech?

Have we, in our intercourse with each other, tried to be mutually helpful, or have we been willing to rise upon the ruin of others?

CO-OPERATION AND MUTUAL HELPFULNESS.

Let me reverse the order of these questions and take up the last one first: Have we been mutually helpful; has there been co-operation among the banks of Tennessee? This association will fail in the one sole object of its existence—certainly the first and greatest object—if we do not co-operate and if we are not mutually helpful, and surely, last summer, when every commercial interest in the country was threatened with ruin, there was no common ground for us to stand on, no willingness to stand together to meet and overcome a common foe.

From this historic mountain height, in these peaceful days of spring-time, let us survey the situation in a calm, broad-minded and intelligent spirit. What is our first duty and greatest need? The importance, if not the necessity, of co-operation among the banks of this State, and of the United States, cannot be overestimated. We cannot be blind to the troubles and disasters of last summer, when, in this State, at a most critical moment, each banking institution was forced to depend on its own individual resources. Surely, we all know how soon the limit of the individual resources of banks—of even the greatest banks of America or Europe—are reached under the strain and pressure of a great financial crisis. Awhile ago the Bank of England came to the rescue of the Baring Brothers and so saved Great Britain, and in return the Bank of France went to the relief of the Bank of England to save Europe, and had the banks of New York City stood apart last summer, instead of co-operating and acting in perfect harmony, universal bankruptcy would have ensued.

Are we to profit by the wise example of the Bank of England, of the Bank of France, and of the New York bankers? Shall we confer and co-operate and help each other as they did, or shall we pursue a selfish, niggardly, short-sighted, yea, criminal policy, to the destruc-

tion of many interests and the ultimate injury of all? I cannot bring myself to believe that we have fallen so low in the scale of human intelligence, nor can I think that honor and virtue in men have reached so low an ebb. I prefer to think well of all men and I shall hope that with the sad experiences now past, but fresh in our minds, we shall act wisely, taking counsel one with another and uniting in a policy of mutual helpfulness.

SAFE BUSINESS MAXIMS IGNORED.

"Be slow and sure" is a safe motto given to us by our fathers, which we should have followed as our guiding star. I once knew a miserly old man in Kentucky who, it is said, made it a rule of life never to accept more than 6 per cent. on money loaned. He might accept less, but never more. There was a time when, to me, and no doubt to tens of thousands of other men, this seemed absurd. He not only observed this rule, but he always insisted on the absolute security of his principal. As to the security of the principal he would take no risk. Every other consideration was subordinated to that of safety. Never to spend more than his income was a religious tenet, and I know positively it was a tenet he kept inviolate.

When this old man died a few years ago, he left a large fortune to a family of boys, who, you may guess, have since spent it. Few tears of sorrow were shed by his kindred or by his friends, although of friends I fear he had almost none, for such men seldom have devoted friends. I do not mention this instance because I approve of the man, but because his experience emphasizes what I am going to say. Whenever we spend more than we make, we get on dangerous ground. This idea need not be elaborated, for we know that debt murders the sleep of honest men. The rule of the old Kentucky miser who refused more than 6 per cent. was based upon this sound theory: The larger the interest the greater the risk. The man of means who tries to make his capital earn more than 5 or 6 per cent., is in danger of coming to grief, and the man who has no means, but borrows his capital and tries to realize more than 5 or 6 per cent. net, is almost certain to bring some one else to grief. It is, I believe, a well established principle of finance, that in every legitimate business wisely conducted, taking one year with another, there is a reasonable certainty of about 6 per cent. net profit. This would mean that each year a prudent business man would add something to his capital, and so in that proportion increase his income. Whatever, in excess of this, his estate is worth, is merely natural appreciation. Whenever we ignore this rule and try to make money earn a greater yearly average than 6 per cent. we violate a fixed inexorable economic law.

EXPECTING MUCH FOR LITTLE.

Is not our complaint in a greater measure due to the fact that we expect much for little? Have we not been trying to get in one year what we know to be the legitimate reward for a life-time of honest, steady work? Have we not been pursuing shadows and chasing phantoms? Has not some one been fooling us, and have we not been fooling ourselves? A few years ago we repeated the farce-tragedy that has been enacted again and again at very long intervals. First, the visionary projected a grand scheme, a promoter set it agoing, and presently every one, from the conservative business man to the miserable cat's-paw, was involved. So easily is the public deceived,

that many persons refuse to see how honest, conservative business men can associate with a set of wild schemers, whose end and aim is booty, but the hope of making large gains upon a relatively small outlay, the hope of quickly becoming rich, make strange bed-fellows.

Sacrificing rectitude to aggrandizement is much too common among men, who, through faulty public judgment, are classed with the elect.

Neither a sanctified air, nor ostentatious charity make of a sharp, unscrupulous man either a Christian or a philanthropist.

Who does not remember how in our late era of booms farms would suddenly fade from view. Where a season before stood dense forests, or it may be, fields of ripening grain beckoned the husbandman with his scythe, there cities and towns sprang up as if by magic. We really imagined this new-found prosperity was permanent and meant wealth and ease to us for the rest of our days. Rich for a day, a prince for a night, and on the second day a pauper! A ream of handsomely engraved certificates and innumerable notices of maturing paper in bank, are among the sad reminders of our folly.

The collapse of the late boom always vividly recalls a picture that appeared a few years ago in one of our illustrated papers. The picture represented a poor fellow who had just awakened from that deep sleep into which drunkards fall after a night's debauch. He was sitting on the edge of his bed and was contemplating, in a hand glass, his disfigured and court-plastered face. He is represented as musing over his past experiences and present state, and saying: "Well, I have had a hell of a time." So it was with thousands of good men in this great State last summer, when collapse and liquidation were the orders of the day. We awoke from our dreams and exclaimed: "Oh! what a night."

TEN YEARS' LOSSES—1884 TO 1894.

I am sure that in ten years the city of Nashville lost \$10,000,000 in various boom schemes or wild, speculative ventures, and of this vast sum not 10 per cent. was spent at home. Do I overstate the case in saying that in the entire State fully \$25,000,000 or \$30,000,000 have gone into uncertain ventures, never to return? What have we to show for it? Absolutely nothing, for even the lesson that this sad experience should have taught us will be forgotten by very many of the sufferers. It is unfortunately true that too many persons treat the whole matter lightly and find consolation in the thought that their loss was another's gain—in short, that they were the unfortunate agency for distributing wealth. It seems we will not discriminate between the distribution and obliteration of wealth, between investing and wasting. Scattering our means broadcast and building iron furnaces and grand hotels in out-of-the-way places is not distributing wealth, but simply wasting it. Wealth, unwisely used, is a curse. A proper use of our lately dissipated wealth would have fortified us against last summer's panic. We recklessly wasted our substance, and even when we found our ventures unprofitable we were unwilling to admit our folly, contending that the community, at any rate, had been benefited. Spending is not always distributing, and the sooner we learn the difference the better.

The truth is, we have either been trying to get something for nothing or a great deal for very little. This is contrary to all well established laws, laws with which good business men should be familiar. And yet rich men, men who have in some way accumulated fortunes, while they would scorn to speculate, do hope or expect by some unnatural means to get much for little. Every now and then we hear of some rich man trying to buy \$10,000 worth of gold for \$5,000. A gold brick worth

\$10,000 is offered for \$5,000, and there are rich men foolish enough to believe the brick to be pure gold. Could anything be more absurd? Of course, certain loss follows such a venture, and it is right that it should.

OVER-CAPITALIZATION.

Over-capitalization—that is, placing \$5,000,000 of bonds on property that is only worth prospectively that sum and actually worth, let us say, \$1,000,000—is one of the blunders we have committed and for which we are now paying dearly. We have built large factories that should have been started on a small scale, that should have been allowed to grow with the growth of trade and experience. Under our practice loss is almost certain, while under the system I have indicated, success is almost sure. Thus we see how millions have been squandered that might have been safely invested right here in our midst. One of our besetting sins has been, and is now, this practice of keeping too many irons in the fire. Some of them are certain to be burned. No man can do a dozen things well, nor can he well and faithfully serve a half dozen masters. It will be well for us to think seriously on the concentration of energy, consolidation of enterprises and reduction of capital to a point where a safe and steady return for money invested is assured. Where we are interested in a dozen enterprises it is to be feared that we will try to build up one at the cost of the others, and oftentimes, in attempting to do this, we injure them all.

The debt of Tennessee is about \$16,000,000, and of the municipalities and counties of the State about as much more. Suppose we had been content with a reasonable and certain return for our money, buying our best and absolutely safe securities; what would have been the result? The twenty-five or thirty millions of dollars that have gone glimmering would not only be in our vaults to-day but could have yielded a steady and certain income. Then we could have withstood the financial storm that swept over the land. The credit of the State, of its cities and counties, as well as the credit of almost every firm and corporation within its borders, would have been unimpaired and our credit would now be on a plane with that of Boston and Hartford. Our great fault has been, and is now, that we send away everything that is good, and so our folly has kept us poor. It is greatly to be desired in Tennessee, and, in fact, everywhere in the South, that we should buy the best of our own securities and should keep the interest on them at home. We must learn to know what is good, and we must not send away the best of everything, whether it is our choicest beef or our safest bonds. We must not persist in our folly of keeping what is of least value, lured by the hope of an abnormal rise of value and the promise of excessive interest. This is why we generally are working for others and seldom for ourselves.

OBSTRUCTIVE AND DESTRUCTIVE LEGISLATION.

It is also true that, forced as we are to send away our securities, our law-makers seem determined that we shall realize upon them the minimum instead of the maximum value. As an instance of this I cite the fact that when the Legislature of Tennessee was recently asked to insert a gold clause in our State and city bonds, it refused to do so for the alleged reason that by so doing we would be placing ourselves at the mercy of the "gold bugs." It preferred realizing less under some kind of hope or belief that they were resenting an insult offered by Wall Street. I am not now speaking as the advocate of a single standard, for it must be clear to every business man, no matter what his views may

be on the currency question, that when we have anything to sell we must conform to well-known usage in order to obtain the highest market price. It never occurred to our legislators that gold was the sole legal tender money of the principal nations of the world, and that buyers of securities want them made payable in gold, so that they may be marketed everywhere. Either they cannot or they will not see that a bond which can be marketed everywhere, will sell for more than a bond that can be marketed only at home. Many persons contend that this is due to the dishonesty of our legislators, but I am convinced that this is not true. They are, however, prejudiced, and prejudice is the child of ignorance. They do not know better, and they will not learn. Though our legislators are morally honest, they are often mentally dishonest and allow themselves to be controlled by any false sentiment that prevails in their neighborhood. They find it easier to follow an established sentiment that is wrong than to lead a crusade for sound principles that are unpopular, and unpopular because they are not understood.

THE BLAME IS OUR OWN.

We lay too many of our troubles upon Congress and upon our State Legislature. I admit that, secondarily, much of the blame belongs there, but primarily the fault is ours. Failing to discharge our duty as American citizens, we complain that our public men are inferior in ability, deficient in statesmanship, and mentally, if not morally, dishonest. If we remain away from the polls or the primaries, if we are silent when we should speak, if we either have no convictions, or having them persist in concealing, stifling or disguising them, we have only ourselves to blame when our laws and law-makers are not what they should be. A firm and respectful avowal of conviction is the duty of every citizen who loves good government. If we are indifferent in elections and then expect attention when we are being hurt by adverse legislation we must blame ourselves alone. Recent monetary legislation shows it is absolutely necessary to keep up the education of the people as to the characteristics of honest money. Each generation must be taught. It is not sufficient to send men to Congress that from time to time they must be instructed what to do. We must send men in whose patriotism, ability and honesty we can put the fullest trust. We must not make our Congressmen agents for a lot of office hunters. Too many Congressmen are mere employment agents for the boys that have been running the machine, and statesmen who refuse to do the bidding of this hungry horde are often retired. We look for too much from legislation. We charge it with every mistake of our own, and we look to Congress to make times good and money plentiful. We really make times bad and money scarce by depending too much upon everything else than our own labor, energy and good sense. We lay undue stress on the insufficiency of our laws, when in truth the chief fault lies in our failure to properly enforce the laws we have. A good law badly administered is oftentimes of little, if any, value, while a less perfect law administered by honest and wise men yields excellent results. We need, in the first instance, statesmen to make our laws, and brave, honest men to administer them. Otherwise the government must be a failure and a people's discontent must be incurable. It may be asked, how are we to obtain better results in legislation? By fostering loftier patriotism, higher intelligence, and a greater willingness to make sacrifices for the general good. But how are we to become more patriotic, intelligent and unselfish? Education is the first remedy to be applied. The bankers of Tennessee should either help

such schools of finance as now exist, or establish at the various large centers schools of finance, where bank officers and employes and all others who may feel disposed to study economic science may pursue a regular course, and where societies may be formed in which all great problems of our country may be soberly and intelligently considered. These schools can become a source of correct knowledge to all ranks of American voters. We need, as Prof. Sidney Sherwood has said, the more scholarly education of practical men, and the more practical education of scholars.

WHAT OUR SCHOOLS MUST TEACH.

Civics must be taught in our schools. In a free country having a population of 60,000,000 it is of the highest importance that our children should be taught their civil duties. Otherwise how can they be intelligent enough to maintain free institutions? A little reading, writing or arithmetic do not make men intelligent voters. Not only must the youth of the land be taught their civil duties by the school, but by the home also, and how can home do its part until we have an educated community—a community of business men in which a knowledge of the principles of good government is universal? Every man may have this knowledge for the asking, and they who have it not, neglect their duty to the State, and must bear their share of blame for all prevailing discontent and for whatever disorders this growing discontent produces. We cry for relief from politicians who misrepresent us, but we shall continue to cry in vain until we train our young men in the professions and in the business world to properly discharge the high duties of citizenship in a representative democracy. Their work must make itself felt at the polls and their thoughts must be read daily in the newspapers, and their voice must be heard on the rostrum and in our legislative halls if our government is to endure.

PATRIOTS IN DEMAND.

When our people become educated, then, and not till then, can we hope to see them exercise the sacred right of suffrage as becomes the citizens of a great republic. We must have medium of communication with the masses, and these masses can be reached either through the press or from the platform. The masses of the people want to know the truth, and will do right if they know the right. If they do wrong it is because those members of the community who should help them to a correct understanding of their rights and duties stand aloof from participating in all public affairs, allowing the self-seeking and designing professional office hunters to run things to suit themselves. If the founders of the republic had shown such indifference to public affairs—if they, in a time of awful trial, had not pledged their fortunes, their sacred honor and their lives, we should to-day be the subjects of a foreign power. We must ever keep in mind that in a republic like ours, good government is the fruit of intelligence, vigilance and unselfish devotion to duty. We look in vain for good government where ignorance prevails and patriotism is dead. Love of justice must supplant prejudice, and indifference and apathy, which, like a cancer, are eating into our vitals, must give way to courage in proclaiming correct principles and honest convictions. In this connection I would commend to all who now hear or who may hereafter read this paper these suggestive words from the pen of Mr. E. L. Godkin, editor of *The Nation* :

There is probably nothing from which the public service of the country suffers more to-day than the silence of its educated class; that is,

the small amount of criticism which comes from disinterested and competent sources. It is a very rare thing for an educated man to say anything publicly about the questions of the day. He is absorbed in science, art or literature, in the practice of his profession, or in the conduct of his business; and if he has any interest at all in the questions of the day it is a languid one. He is silent because he has not much care, or because he does not wish to embarrass the administration or "hurt the party;" or because he does not feel that anything he could say would make much difference.

THE SIN OF EXTRAVAGANCE.

One of the besetting sins of the times is extravagance. It has made us reckless, and hence we have lived beyond what our income could afford. The debt-creating habit must be reversed, and the system of paying cash should be forced upon ourselves. The example of our best society is not edifying in this particular. Ostentatious display at our own expense, and if not at our own expense, at the expense of others, is too common. We see men who should be concerned chiefly about earning money to pay their honest debts working and worrying to keep up false appearances in society. Many of these are utterly and hopelessly bankrupt, so far as their creditors are concerned, and yet they continue to ride in fine carriages behind swift trotters, and continue to live in magnificent houses and in princely style. They seem to have money for everything save for their just debts—debts often due to the most needy and deserving in the community.

HIGHER IDEALS.

Much of this evil is due to the high value placed upon wealth, and the homage we pay to rich men. We must once more realize that poverty is no disgrace, and that empty and full hands are alike honorable, so long as they are clean—so long as they have not been stained by guilt. We need a higher standard of success than the seemingly accepted standard of our own time—the money standard. Honesty, ability and public spirit are not fairly valued. If we would prosper worthily, we must accept honesty primarily as the basis of credit, ability as the passport to place and power, and public spirit as the measure of honor and gratitude in the community. We must employ men because of their fitness, not only in business firms and corporations, but in the administration of the affairs of the city, State and the nation, and having secured the service of such men, we must show our appreciation of their worth by advancing them in our service as they deserve and as opportunities for preferment arise. We must send statesmen to Congress, not mere politicians; we must put capable men in office, not the tricksters or the available men; and in every place, in private or in public, the test must be merit. High-minded men, in business life and in the professions, must take an active part in elections, and give their time and means, when required, to the public service. If they remain away from the polls and their primaries because they believe their private interests are too great to admit of any sacrifice, they alone are to blame if our government is turned over to unworthy agents. If the office does not seek the man, it is certain that the man who seeks the office will get it and probably be unworthy of it.

MORAL TURPITUDE.

Compromise and bankruptcy are too common, sympathy for wrongdoers is too lavishly and foolishly bestowed. Unless we call a halt, all

moral basis in man will be destroyed. Then, indeed, honesty will be, as some now contend, a bar to success, a figment of the brain. Fraud in every form and wherever committed must be speedily and adequately punished, and if so punished its occurrence would become rare. I do not mean that only those shall suffer whose offense is defined by the penal code, but I mean that the severest punishment that the scorn of honest men can impose shall embrace in its verdict many men who are guilty of serious wrongs but who are unconvicted by any law and who, therefore, are freely mingled in every club, in every social circle and in every commercial body in the land. So long as they are accorded recognition just so long will they contaminate every community and encourage the commission of fraud and crime.

I have more respect for a Paul Clifford, a Dick Turpin, or even a Jesse James, who openly and boldly defies the law, than a trickster or cheat who hides what he should surrender to his creditors behind a wife's petticoat. I have the greatest sympathy for misfortune; oppression of the unfortunate, struggling against mistakes of judgment, is a crime and a violation of the law which enjoins us to temper justice with mercy. But I maintain that the very common practice of transferring valuable property to a wife or a friend in order to evade creditors is worse than the punishable offense of hiding stolen goods, for in the common thief is a stranger on whom we have no special claims, while the other is a friend to whom we have given confidence and in whom we have trusted.

WHAT ARE THE LESSONS OF THE RECENT PAST?

What are the lessons to be drawn from the experiences of the recent past? Can any one doubt that speculation and unproductive consumption; that gambling and wasting are the means that deprived us of our reason and robbed us of our wealth? Will any one dispute the statement that we located costly manufacturing plants where there were no natural advantages to enable them to meet the competition of the world? Is there any one rash enough to defend many of the projectors of boom cities, and million-dollar plants against the charge that these schemes were known by sensible men to be well-nigh worthless, and they were deliberately and in cold blood unloaded on unsuspecting people? I do not so much lament what we have lost in money, for that can be quickly replaced. I do lament, though, that we have lost so much in self-respect, in the respect of the world, in credit abroad. I sorrowfully lament that our folly has brought discredit upon the inherent wealth of our State and section, and that it reflects upon our honesty and intelligence. In the distribution of wealth the Creator poured a generous portion into our lap, and there it is now, as plentiful and inviting as ever; but we must vindicate ourselves in the future by greater industry and wiser action. We must make two blades of grass to grow where only one grew before, and we must practice a wiser public spirit than has distinguished our action in the past. Henceforth we must be more deliberate, more thoughtful and more alert. We must set about correcting our mistakes and repairing our losses. We must resolve to work harder and be satisfied with less. We must increase our stock of content, for, after all, we cannot increase the wealth of the world to such an extent as to make any perceptible increase in the allowance to each person. There will be in the world the rich and the poor, the fortunate and the unfortunate, and God alone knows who is to fare well and who is to fare ill. Content, therefore, is essential. Riches are not a guarantee of happiness. Great wealth is a burden—a burden, I know, that most of us are willing to accept, and

few that have it are willing to surrender—but nevertheless it is a burden, and as men of feeling, as men of taste, as men loving our country and praising God, let us have higher aspirations than riches and be content with so much as we may obtain for faithful service and in fair dealing, pulling no man down that we may build ourselves up.

After all, money is a means, although we seem to regard it as an end. When we learn to make it a means to noble ends, then we will have found content, and when we are content and realize that we owe more to the world than we do to ourselves, we can truly appreciate the simple, noble prayer of Oliver Wendell Holmes :

“ I only ask unto this end,
A little more than I can spend.”

Living up to this idea we shall have peace of mind, every reasonable comfort and wealth of knowledge. Along with these we may acquire all those graces of character and disposition which round out and complete a life worthy to be called noble.

Let us be mutually helpful, let us protect the weak against the strong ; let us foster unselfishness and conscientiousness in public affairs. We must return to simpler living ; we must work a little more earnestly to build up our State, so that Tennessee may shine resplendent for honor, virtue and greatness in the National crown.

BANK DISCOUNTING IN CANADA.

In the address of Mr. George A. Cox, president of the Canadian Bank of Commerce, at the annual meeting of the shareholders, he said :

“ The borrowing public of Canada will doubtless never know just what they owe to the banks for the policy followed by the latter during the summer and autumn of 1893. Bankers are supposed to be as willing as private individuals to lend at the highest obtainable rates to whoever will give the best security, and where they do otherwise it is presumed self-interest is the only reason which causes them to refrain from selecting whichever business will at the moment pay the best. No doubt this is quite true, but it is well to remember that some credit is due to those who see their self-interest in a broad, instead of a narrow policy. During the summer and autumn of 1893 the applications for loans from private individuals and firms, industrial companies, municipal corporations, banks, and, in fact, every kind of business concern, from the Western States to the Atlantic seaboard, were simply without number, and those who came were but the select few who felt, because of the sufficient security they had to offer, and the high rates they were prepared to pay, their wants would surely be supplied. As a rule the answer from all Canadian banks was the same, and it was that at the moment they were taking care of their own country. Private individuals in Canada availed themselves largely of the chance to obtain high rates, but the banks did not. Some Canadian borrowers were annoyed at the slight advance in rates, but they did not reflect that the money lent to them could have been lent elsewhere at very much higher rates of interest, nor did some of them reflect upon the difference between a country where the solvent borrower could not obtain a loan, no matter how good the security, and this country, where it may be safely said that no worthy customer of a bank found his banking facilities in any way curtailed.

"The general manager will have something to say to you regarding the critical time through which the world is passing, and I will not say anything further upon that point, but in this period where so many in making up their annual accounts have losses to reckon with, instead of gains, I may be permitted to say something regarding a class of losses now being borne by many Canadians, which are to be regretted for the unsound business ideas they indicate more than for the actual money losses sustained. We hear every now and then of large sums of money having been transmitted through brokers' offices to cover margins on adverse speculations in Chicago and New York. I would be afraid to repeat some of these statements, because no matter how true, many people would refuse to believe them, but it is certain that in the aggregate the stock and grain speculating public in Canada have had to bear losses amounting to many millions of dollars—a very serious and direct burden upon the industry of this country. We are not likely to fail in sympathy for those who make losses in attempting to build up an industry, or to carry on any real trading venture; they have, perhaps, helped the country, although they have failed to make money for themselves, but this species of gambling which year after year only results in taking money out of Canada to help support the brokers in Chicago and New York, is very much to be regretted. It is a pity the law is powerless to restrain them for their own good, and to protect the business morals of the community. Many a Canadian who by attention to his legitimate business was developing habits of thrift and industry, which would make him valuable to the community and useful to himself, has been induced to deal in Chicago, has early in his experience made a little money, and has thus been led to feel that the old methods of moderate profits for daily toil were slow and wearisome, but later on, when his speculations went against him, he has found that he has not only lost his money, but has also impaired or lost his habits of perseverance and industry, and in many cases becomes discouraged and joins the already overcrowded ranks of unsuccessful traders."

BANKING IN CANADA.

At the annual meeting of the shareholders of the Merchants' Bank of Canada, Mr. George Hague, the general manager, reviewed the business of the bank for the year, and showed that notwithstanding the severity of the times the institution had been prosperous. A part of his review is laid before our readers :

Turning from the past to the present, I may observe that the year just closed, especially in its earlier months, was one of considerable anxiety to bankers who had large interests in the United States.

We curtailed our loans in New York to the lowest limit consistent with doing business at all, and took other measures to protect the interests of the bank. But it was impossible to avoid having a certain amount at risk, if we were to keep our office open.

The unprecedented course of legislation in the United States had caused the "silver question" to hang as a threatening cloud over the country for years. This produced its effects last year in a destruction of confidence, heavy withdrawals of money from the banks, stoppages of supplies to mercantile and manufacturing concerns, and entire cessation of cash payments, except through the medium of the Clearing House.

When the last development took place it was evident that there was

imminent danger of all United States money falling to a discount of more than thirty per cent., a condition of things which would have produced serious effects in every country doing business with the United States, England and Canada especially.

Happily, the Executive Government, together with all the bankers of New York and the leading cities, and all great financial corporations, have been a unit in a determination to maintain the gold standard. Finally, after a period of almost unprecedented agitation, the danger was averted by the repeal of the Sherman Silver Bill last August. The country then began to breathe freely. Confidence was gradually restored, and we could look upon our balances in New York and other places without apprehension. Matters, however, are still very unsettled.

Canada, in some respects during the last year, was in the position of looking out, from a point of comparative safety, upon ships tossing upon a stormy sea.

If the question be put how it has come about this great difference between the two countries lying close beside each other and having so many intimate relations, I answer:

First—Our well-considered banking methods, imported from England and Scotland, and improved by a long course of experience in Canada.

Second—Our admirable system of currency, which is both safe and elastic, but which has not been retained without very strenuous contests, although now universally accepted.

Third—Our admirable banking law, roughly shaped out more than thirty years ago by men of financial experience, with carefully considered amendments adopted by Parliament from time to time as circumstances developed.

In the course of this banking legislation not only many improvements were adopted, but many supposed improvements were offered and finally rejected.

Among these last were an attempt to compel the covering of circulation by Government bonds, the attempt to compel an annual publication of losses, and the attempt to compel the holding of a fixed percentage of cash reserves.

With regard to cash or available reserves, no banker who appreciates his responsibility can minimize the importance of keeping at all times in what is called a "strong" position, and I entirely agree with the observations made in another place, that in a country like Canada it is desirable to have a certain amount of such reserves so placed that they can be availed of without disturbing the business of our own country.

We have followed this practice ourselves. As you will have seen, for the last few years we have always held a large amount of Dominion Government bonds and other securities; our arrangements being such that these could be readily availed of in case of need.

Canada during the last year has really experienced no crisis at all. But if such a crisis supervened, I have no doubt that needful action could and would be taken through the medium of the Bankers' Association.

There might, however, in such a case be some discrimination, and examination as to soundness, before mutual arrangements became general.

The fact that the banks have acted together in emergencies more than once should, however, be no encouragement to unsound banking.

The best mode of preventing the necessity of such united action will be for each bank to conduct its loaning and discounting operations prudently, and in accordance with well-established principles.

For, in addition to prudence in the matter of keeping strong in avail-

able resources, the very life of good banking is to have loans and discounts on a sound basis and in a realizable shape.

To the best of my recollection—now going back for forty years—no bank ever failed except from bad loaning and discounting.

I need not say that our endeavors are constantly bent in this direction ; and the proof that we have attained some measure of success is found in this fact—that by the failures in our circle of customers during last year, in a large majority of cases we lost nothing. Our securities brought us out.

It is not, however, judicious to be too confident in such a business as ours, for experience shows that confidence is apt to lead into danger. Our safety lies in constant watchfulness.

I do not intend to add much to what has already been said with regard to the condition of the country. We are in close touch with every department of industry, of course. The past year has not been generally a favorable one in any line of business, although to our knowledge very good returns have resulted in exceptional cases.

But competition is steadily increasing and beating down profits in every line of business, a condition of things that is very seriously felt in the leading branches of wholesale trade.

The continuous fall in the price of grain to its present unprecedented scale of value will be a serious loss, both to the country at large and to individuals trading in it.

Should values remain on the present low scale or thereabouts, a great deal of readjustment will need to take place in farming operations. In fact, such readjustment is going on at present.

The immense expansion of our dairy industry is a potent sign of it, and it is gratifying that this change, to which many farmers have almost been driven against their will, is turning out so satisfactorily.

The advantages derived in this Province already are patent to all acquainted with it, and the Government of the Province deserve much credit for the manner in which they have fostered this industry.

It is to be regretted that a recovery of confidence, both in the United States and England, has been hindered by unfortunate labor disputes, and interruptions to business consequent thereon.

This is a large subject and I only allude to it for the purpose of saying that in my humble judgment much of the action taken by employes under the direction of their leaders, has had for its foundation a very serious misapprehension of the real conditions of business life, which misapprehensions are fostered by want of practical knowledge on the part of writers whom they look up to as guides.

There is, on the part of nearly all such (and I include herein some of very high repute) along with great logical acumen and intellectual force, an absolute lack of that practical knowledge which can only be gained by taking part in the affairs of the commercial world.

Their conclusions are, therefore, not seldom widely erroneous ; and those who base upon them an important course of action find, after enormous losses and suffering, that they have been following blind guides. I venture to think that some of the disputes which have led to a stoppage of business and wages on a large scale—and have resulted far more disastrously to the employed than to the employer, would never have transpired had there been a more accurate acquaintance with facts on the part of those who took the position of leaders. But I cannot believe that certain extreme theories on these matters can ever long commend themselves to the great body of artisans in a country like this, where so many of them have property of their own, or money deposited in the savings bank.

COLLECTIONS.

SUPREME COURT OF KANSAS.

Norwegian Plow Co. v. Munger.

Where a banker doing business in this State, having in his charge collections for a corporation located at Dubuque, Iowa, corresponds through the mails with such corporation about the notes and orders in his hands for collection, and in reply to his letters receives through the mails, from Dubuque, Iowa, answers to his letters purporting to come from the company, and dictated by its secretary, but written with a typewriter, *Held*, such letters were properly received as *prima facie* evidence, as having come from the company.

A corporation which receives a note, before its maturity, from a person acting as its agent, and having attached thereto the following memorandum: "Accept order on Borders Town Company, and turn note over to J. J. Munger," is charged with notice of the equities of the makers, who agreed with the person acting for the company that, upon the delivery of an order of the town company of the amount of the note, the note was to be returned to the makers.

This was an action brought on the 20th day of December, 1888, by the Norwegian Plow Company, upon a promissory note for \$325, due 30 days after date, executed by John J. Munger and Charles S. Desky to one J. J. Johnson, and by him indorsed to the Norwegian Plow Company. Munger answered, admitting that he signed the paper sued on, with following memorandum or indorsement upon the note: "Accept order on Borders Town Company, and turn note over to J. J. Munger," but denied that there was any consideration for his signing or delivering the same, and set up that the note was given in lieu of an order to be issued by the Borders Town Company, and to be delivered in lieu of the note. The trial was had before the court without a jury, and upon the findings of facts and conclusions of law the court rendered judgment in favor of Munger, and against the plow company, from which judgment this appeal is prosecuted by the company.

HORTON, C. J.—Numerous errors are alleged, but, as many of them are trivial and unimportant, we refer to three only.

1. It is insisted that the trial court erred in permitting agency to be shown by the declarations of Mr. Bish, an alleged agent. This was in no wise prejudicial, because, although Mr. Bish was the assistant cashier of the First National Bank at Garden City, yet he is the party who received the note from Johnson, the payee, in the presence of John J. Munger, with the following memorandum or indorsement attached thereto: "Accept order on Borders Town Company, and turn note over to J. J. Munger." Whether he was agent of the Norwegian Plow Company is immaterial. He acted as such agent, and the company received the note with the memorandum attached. Therefore, it accepted the note with full notice of the conditions upon which it was given.

2. It is next insisted that the trial court erred in admitting in evidence two letters from the Norwegian Plow Company. It appears from the record that Mr. Patton was officially connected with the First National Bank at Garden City, and that, as an officer of the bank, he had collections to make for the company. He corresponded through the mails with that company, which was located at Dubuque, Iowa, relative to the \$325 warrant or order of the Borders Town Company referred to in the memorandum. In answer he received the letters by mail purporting to come from the company, and dictated by C. W. Mitchell, as

the secretary of the company, but written with a typewriter. Under these circumstances, there was a sufficient identification of the letters to permit them to be introduced as *prima facie* evidence.

3. It is further insisted that the tender of \$325 and interest, in an order of the Borders Town Company, was not sufficient for a return of the note. The note was dated November 3, 1887. It was due 30 days after date. This action was commenced on the 20th of December, 1888. Some time in January, 1889, in accordance with the memorandum on the note, an order of the Borders Town Company was offered to take up the note. When the answer was filed, on the 15th of May, 1889, this tender was renewed, and the order of the Borders Town Company deposited in court for the plaintiff. It was decided in *Logan v. Hartwell*, 5 Kan. 649: "Where an answer admits a certain amount to be due the plaintiff, and where the sum is paid into court upon the filing thereof, and where, upon the trial, the plaintiff does not show himself to be entitled to a greater amount, judgment should be rendered for plaintiff for only the costs accruing up to the filing of the answer." The trial court made the following findings of fact: The note copied in the petition was executed by the defendants on the 3d day of November, 1887. The note was executed by Munger and Desky to secure the plaintiff until an order on the Borders Town Company could be procured. The Borders Town Company was the party beneficially interested. The note and the memorandum of the contemporaneous agreement were executed at the same time. The note remained in possession of the Norwegian Plow Company until the order from the Borders Town Company was procured and tendered in exchange, according to the agreement evidenced by the memorandum. The indorsement on the note (the memorandum) was, in substance: "Accept order on Borders Town Company, and turn note over to J. J. Munger." The agreement which was evidenced by this indorsement was, in substance: "That the note should be held by Mr. Bish until the order could be procured, and was then to be turned over to Mr. Munger on the tendering of such order." The note never went into innocent hands. Defendant Munger was not indebted to John Johnson, in any sum whatever, at the time of giving the note in question. Although the order of the Borders Town Company was not tendered until after the commencement of this action, yet, upon the findings of fact supported by the evidence, the plow company was not entitled to anything but that order, and the costs accruing up to the tender. It seems, however, that the attention of the court below was not directed to the question of costs, and no motion was made to retax the costs. The judgment, therefore, of the District Court, will be affirmed. All the justices concurring.—*Pacific Reporter*.

CERTIFICATE OF DEPOSIT—INDORSEMENT— ALTERATION.

SUPREME COURT OF MICHIGAN.

Von Ehrenkrook v. Webber.

In an action to recover the amount of a certificate of deposit issued by defendants (bankers), plaintiff claimed that she indorsed the certificate in blank, and delivered it to one of defendants, to be placed to her credit. Defendants claimed that, before she indorsed the certificate, such defendant wrote on the back of it, in pencil, the words, "For C. & Co., account," and that she wrote her name under

them. C. & Co., of which firm plaintiff's husband had been a member, were indebted to the bank, and defendants placed the deposits to their credit. Plaintiff put the certificate in evidence. *Held*, that the burden was on defendants to show that the words written above plaintiff's name on the back of the certificate were so written before she indorsed it.

Where one of defendants testified that, when plaintiff indorsed the certificate, she told him that her husband had sent word that he wanted the money placed to the credit of C. & Co., it was error to permit the husband to testify that he had not sent such word to his wife.

It was proper to show that defendants had received from C. & Co., a conveyance to secure such firm's indebtedness to them, and that they retained it after such deposit, and up to the time of trial.

MCGRATH, C. J.—Defendants are bankers. Plaintiff, in October, 1890, borrowed, upon a mortgage of her individual property and deposited with defendants, the sum of \$475.25, taking therefor a certificate of deposit. Her husband had been a partner of the firm of E. Curtis & Co., but that firm had dissolved in August, 1890. Curtis & Co. were indebted to defendants upon certain notes, and defendants held a deed of lands as collateral. Plaintiff had recently entered into partnership with her husband's brother, under the firm name of George B. Eherenkrook & Co.; and her claim is that the said certificate of deposit was indorsed in blank by her, and delivered to defendant, Clarence W. Chapin, to be placed to her credit, to be checked out by her for the use of said firm, but that afterwards defendants refused to honor checks drawn against it. Plaintiff brought assumpsit on the common counts, and had judgment, and defendants appeal.

The certificate was delivered to Chapin in the highway near plaintiff's residence, and was indorsed in pencil. Defendants insist that, before said indorsement, Chapin had written upon the back of the certificate, in pencil, the words, "For E. Curtis & Co., account," and that plaintiff made the indorsement under such writing. The plaintiff put the certificate in evidence, at the same time insisting that the words, "For E. Curtis & Co., account," were not upon the certificate when it passed from her hands. Defendants insist that the burden was upon plaintiff to show that the words, "For E. Curtis & Co., account," were not upon the back of the certificate when the same was indorsed by plaintiff, and complain of the following instruction given to the jury: "Now, the burden of proof, in the outset of every case, is upon the plaintiff. The burden would be upon her to show that she left this money at the bank, and, in this case, that she had asked for it, and the payment had been refused. That she had done. Stopping right there, she makes a case, and is entitled to recover. Now, the defendants come into the case, and say, 'We have applied this money the way you have directed us to. We have paid this money to E. Curtis & Co. You consented or directed that we should do so.' Now, as to that question, the burden is upon defendants. They have the burden of proof to show that that was done, in order to release them from their liability." Plaintiff relied upon the certificate to show the original deposit, the obligation issued to her, and its surrender. Defendants relied upon the indorsement, and the words preceding the same, to corroborate their claim that they had been instructed to place the amount to the credit of E. Curtis & Co. Plaintiff insisted that the indorsement was in blank, and that the words, "For E. Curtis & Co., account," were not upon the paper when she signed it. Plaintiff's denial raised an issue respecting a writing which defendants relied upon; and they had the affirmative of that issue, the burden being upon them to satisfy the jury upon that question.

It may be urged that the introduction of the certificate with the words in question, and the indorsement upon it, made a *prima facie* case for defendants. The same may be true in any suit upon an instrument which shows an erasure, or words recast, or an interlineation, yet, if the party sought to be charged has raised an issue respecting such erasure and interlineation, the burden is thrown upon the party relying upon the instrument. Plaintiff's suit is not planted upon the certificate. She insists that she did not give such a writing as the defendants rely upon; that her indorsement upon the certificate was for another purpose; that such indorsement and the delivery completed the transfer, without the addition of other words; and that, by the interpolation of the words in question, defendants have changed the character of the writing. In *Willett v. Shepard*, 34 Mich. 106, defendants admitted the signature to the note sued upon, but insisted that in the clause "ten per cent. after due, value received," the printed words "after due" had been erased. The court held that the bare fact of the erasure raised no legal presumption that the words had been stricken out after execution, and that until there was opposing evidence the note was properly to be regarded as affording sufficient inferential and presumptive evidence in support of the allegation of plaintiff to constitute a *prima facie* case in his favor. "When, however," says the court, "the plaintiffs in error went into a general evidence to controvert the case of the defendant in error, and prove the alteration fraudulent, the issue depended no longer upon the presumptions which are rightly indulged where there is no legal dispute: but the question was then to be contested upon relevant facts and circumstances, and decided by the jury according to the weight of evidence." "The controversy began with the claim made by defendant in error that the note, in substance and effect, as it now appears, was made by the plaintiffs in error, and this the latter denied; and on this issue, and with the parties in these relative positions, the litigation has invariably proceeded. There has never been any change. It was incumbent on defendant in error, in every stage, to maintain his side of that issue by a preponderance of evidence." In *Comstock v. Smith*, 26 Mich. 306, it was held that where plaintiff relied, as a basis of recovery, upon a clause in a deed which was claimed to have been written over an erasure, the burden of proof as to the genuineness of the clause was upon him, and in such case there was no presumption of law that the clause in question was seasonably or unseasonably made, which shifted this burden. In *Simpson v. Davis*, 119 Mass. 269, it was held that where the issue is raised the burden is upon plaintiff to show that the note declared on is the defendant's note; that the same rule applies as when want of consideration is relied upon. It is true that in each of these cases an interlineation or erasure appeared upon the face of the instrument; but there is no good reason why the same rule should not be applied in cases like the present, arising between the parties to the writing, where the signature has a definite purpose, independent of the words appearing over it—where the disputed words are in the handwriting of the party relying upon them, and the party charged denies their existence at the time of the signature. A material alteration is none the less a forgery than the writing in of a note or other obligation over one's signature, and there is no better reason for indulging in presumptions in the latter class of cases than in the former. In *Crutchly v. Mann*, 5 Taunt. 529, 2 Marsh. 29, A. drew a bill on B., leaving a blank for the payee's name. The bill was delivered to C., who inserted his own name. Lord Mansfield held that plaintiff ought to have proven that he was authorized to insert his own name. Mr. Greenleaf says: "The cases all agree that where any suspicion is

raised as to the genuineness of an altered instrument, whether it be apparent upon inspection, or made so by extraneous evidence. the party producing the instrument, and claiming under it, is bound to remove the suspicion by accounting for the alteration." (1 Greenl. Ev. (14th Ed.) p. 655, note.) On the same page the author gives the rule laid down in *Walters v. Short*, 5 Gilman 252, viz., that where the instrument, by the rules of practice, may be used as evidence, the oath of the party sought to be charged is deemed sufficient to destroy the presumption of innocence in regard to the alteration, and to place the instrument in the condition of a suspected paper. The certificate in the present case was not intended to be reissued. The indorsement of Curtis & Co. does not appear upon it. It was surrendered to the maker, and the indorsement was evidence of its payment. The interpolation of the disputed words would give the indorsement a purport and effect not contemplated by an indorsement in blank. Why, then, may not such interpolation be treated as an alteration, and subject to the same rules as any other interpolation? It is true that the interpolation does not appear upon the face of the instrument, but the genuineness of the instrument is denied; and the suspicion is aroused by extraneous evidence. by the oath of the plaintiff, and the fact that the words by which the plaintiff is sought to be charged are in the handwriting of the party claiming the benefit of them.

Defendant C. W. Chapin testified that, when plaintiff indorsed the certificate, she told him that her husband had sent word that he wanted the money placed to the credit of E. Curtis & Co. Plaintiff called her husband, and he was asked if he had sent word to his wife to have the money turned over to E. Curtis & Co., and he replied that he had not. This testimony was clearly incompetent, and the motion to strike out should have been granted. Inasmuch as the judgment must, for this error, be reversed, it is unnecessary to discuss at length the other questions raised.

It was proper to show that defendants had received from E. Curtis & Co. a conveyance to secure the bank, and that defendants retained the security after they claim to have received the deposit, and up to the time of the trial. This was a circumstance bearing upon the probabilities. There was evidence tending to show that defendants knew that the purpose of this deposit was not its absorption by an existing indebtedness. Plaintiff testified that the formation of the new partnership was talked over with defendants at the time of the indorsement of the certificate, and Clarence W. Chapin testified that plaintiff told him that the purpose of the deposit was to check against it. At that time the account of E. Curtis & Co. was overdrawn, and the bank held their past-due notes, the amount of which, with the overdraft, absorbed the certificate, and left \$141 still due the bank from E. Curtis & Co. The judgment is reversed, and a new trial ordered.

Long, Grant, and Hooker, JJ., concurred with McGrath, C. J. Montgomery, J., concurred in the result.—*Northwestern Reporter*.

PROPERTY IN DRAFTS DEPOSITED FOR COLLECTION.

SUPREME COURT OF MINNESOTA.

In re Assignment of State Bank, Fletcher v. Osbourn et al.

The general rule is that, upon a deposit being made by a customer in a bank, in the ordinary course of business, of money drafts or other negotiable paper, received and credited as money, the title of the money drafts or other paper immediately becomes the property of the bank, which becomes debtor to the depositor for the amount; and, if no other facts appeared except these, they would be held to conclusively show that such was the intention.

But the question is one of the agreement of the parties, and neither the fact that the indorsement of the paper by the customer was unrestricted, nor that he was, before collection, credited with the amount on his account, with the privilege of drawing against it, is conclusive on the question of the ownership of the paper. If it was in fact delivered to the bank for collection, or for "collection and credit," a credit to the customer before collection will be deemed merely provisional, which the bank may cancel if the paper is not paid by the maker or drawer.

Evidence in this case considered and *held* to justify the finding that the bank held certain drafts for collection as agents of the petitioners.

MITCHELL, J.—The petitioners, having drawn in their own favor two drafts on third parties, payable in 60 days, indorsed them by unrestricted indorsements, and delivered them to the State Bank, of which they were customers, and with which they had an open and current bank account. The bank credited the amount of the drafts (less the interest at eight per cent. per annum until maturity) to the credit of petitioners' account, against which they were entitled to draw by check; but, as a matter of fact, they never did draw against it, they having a balance to their credit, when the bank failed, much larger than the amount of the drafts. Before the drafts were paid, and while they were still in its possession, the bank failed, and made an assignment of its property for the benefit of its creditors. The petitioners thereupon stopped payment of the drafts, and now ask that the assignee of the bank be ordered to return them, claiming that they are still their property, and that the bank held them as their agent for collection. It might, at first sight, strike many that the facts that the indorsements of the petitioners were unrestricted, and that the amount of the drafts was placed to their credit, with a privilege of drawing against it by check, would be conclusive that the drafts immediately became the property of the bank; but we are satisfied that upon both principle and authority there is no hard-and-fast rule on the subject. There is no question but that the general rule is that, upon a deposit being made by a customer in a bank, in the ordinary course of business, of money drafts or other negotiable paper, received and credited as money, the title of the money drafts or other paper immediately becomes the property of the bank; which becomes debtor of the depositor for the amount; and, if no other facts appeared except these, they would be held to conclusively show an intention of the parties that the paper should immediately become the property of the bank. But, after all, the question is one of the agreement of the parties, either express or implied, from the general course of business between them. There can be no doubt that if a draft or other paper is delivered to a bank for collection, the mere fact that the indorsement

of the owner is unrestricted, will not, as between him and the bank, make the latter the owner of the property. Neither is it conclusive upon the question of ownership of the paper that before collection the amount of it is credited to the customer's account, against which he has the privilege of drawing by check. It has been frequently held, with the approval of the best text writers, that if paper is delivered by a customer to a bank for collection, or for "collection and credit," a credit of the amount to the customer before and in anticipation of collection will be deemed merely provisional, and the privilege of drawing against it merely gratuitous, and that the bank may cancel the credit, or charge back the paper to the customer's account, if it is not paid by the maker or drawee. (*Giles v. Perkins*, 9 East, 12; *Levi v. Bank*, 5 Dill. 104; *Balbach v. Frelinghuysen*, 15 Fed. 675.) The right of banks to do this in case of the deposit of checks on other banks, without any special contract, is generally exercised and recognized. This is inconsistent with the idea that the title to the checks passes absolutely to the bank, and is only consistent with the theory that the bank is the agent of the customer for collection, notwithstanding the credit of the latter. (Morse, Banks, § 586; *Hoffman v. Bank*, 46 N. J. Law, 604.) Of course, in all such cases the banker, like a factor, has a lien for advances made on the faith of the paper, and consequently the claim of the customer may be modified by the state of his account. No such question, however, arises in this case; the balance of the petitioners' account, independent of these drafts, being in their favor at the time of the failure of the bank. The authorities on this subject are quite fully collated in Morse on Banking, § 573 *et seq.* See, also, Paley, Ag. 91, note; and Story, Ag. § 228, note 2. In examination of the cases there should be kept in mind the distinction between those where the paper was still in the hands of the bank, or its assignee in bankruptcy, and those where the bank, clothed by the customer with the indicia of ownership, had transferred the paper or its proceeds to a *bona fide* purchaser. The distinction is clear on principle, and is generally recognized by the authorities.

It remains to apply these principles to the facts of this case. The petitioners commenced doing business with this bank over seven years ago. When they opened an account with the bank they received a pass book, upon which their debits and credits were entered. On the front leaf of this book is the following statement: "This bank, in receiving checks or drafts on deposit or for collection, acts only as your agent, and, beyond carefulness in selecting agents at other points and in forwarding to them, assumes no responsibility." The language of this statement will not admit of the construction claimed for it by the assignee—that it refers only to the paper left with the bank for collection without credit to the account of the customer. What was intended by it is best shown by the testimony of the cashier (afterwards president) of the bank. He says: "The intention of it undoubtedly is this: that if we should have to send the draft for collection at Chicago or Oshkosh, or wherever the case may be, and if the bank up there should send us paper that subsequently turned out to be no good, it would not fall on the State Bank, but on the party who has discounted or sold it. Question. And you regard yourselves as the agents of Osbourn & Clark? Answer. In case the collecting bank should fail to collect it. They [the collecting correspondent] might send a draft on Chicago or New York, and the draft might be no good when we got it there. That is the reason that these lines are printed in there." The purport of all this is that, beyond the exercise of care in the selection of correspondents and forwarding the paper to them, the entire risk of collection was on the customer; and only when the proceeds were actually received

by the bank did it unconditionally assume the relation of debtor for the amount. It is needless to suggest that the bank could not be agent for collection and owner of the paper at the same time. The evidence also is that there was no subsequent conversation between the petitioners and the bank officers "changing this statement." During the years that followed, the petitioners were accustomed to deposit paper, and take credit for it on account, the same as in the case of these drafts; and whenever any of the paper came back uncollected the bank charged it up to their account, or they gave their check for it, and took back the paper. It does not appear that such paper was ever protested for non-payment, or that the petitioners ever waived protest on it, or that its return to them in the manner indicated had any reference to any liability on their part as indorsers. On the contrary, it appears that this was done in accordance with a general understanding between the parties that whenever any of the paper was not paid the bank was either to charge it up to the petitioners' account, or that they would give their check for it, and take it up. It does appear that, when the petitioners were doubtful about paper being paid, they would give it to the bank for collection without taking any credit for it. It likewise appears that, where credit was given for the paper, the bank would enter it among their discounts; while, if no credit was given, they would enter it among their collections. But, as this was a mere matter of book-keeping, of which the petitioners had no knowledge, it is a matter of little or no weight. There is other evidence having more or less bearing upon the question, but what we have stated is of itself sufficient to justify the findings of the court that the bank held these drafts merely as agents for collection, that it did not assume the absolute relation of debtor for the amount until collected and received, and that the credit before collection was merely conditional or provisional. Order affirmed.

—*Northwestern Reporter.*

LEGAL MISCELLANY.

ALTERATION OF INSTRUMENT.—A note which, after its execution, is secured by a mortgage, is not materially altered by a red-ink memorandum to that effect made on its margin without the maker's knowledge. [*Yost v. Watertown Steam Engine Co., Tex.*]

BANKER—NEGLIGENT LOANING OF FUNDS.—A banker with whom funds have been placed to be loaned cannot be held negligent for failure to inquire as to the solvency of the firm to whom he loaned such funds, where they were reported to be solvent at the time of the loan, and where it does not appear that such inquiry would have yielded him any information concerning the company that he did not already possess. [*Isham v. Post, N. Y.*]

BANKS AND BANKING—COLLECTIONS HELD IN TRUST.—A National bank collected a note for plaintiff by accepting a draft for the amount on another party, which it forwarded to its correspondent for collection, and at the same time sent plaintiff a draft on the same correspondent as a remittance of the proceeds of his note. The correspondent received the money on the draft, sent it for collection, but before plaintiff's draft was paid by the correspondent the bank failed: *Held*, That the bank was only agent for plaintiff, and that the money derived from his note was a trust fund, which did not become a part of the bank's assets. [*Foster v. Rincker, Wyo.*]

BANKS—DEPOSITS—SET-OFF—RECEIVERS.—Debts of a partner and his firm to a bank cannot in equity be set off by a receiver of the bank against trust moneys, which the partner, after the debts were contracted, mingled with the firm deposits, without the bank's knowledge, and the whole amount of which remained continuously in the bank until it failed. [*Knight v. Fisher*, U. S. C. C., Penn.]

BANKS—PAYMENT OF FORGED CHECKS.—In an action against a bank to recover a deposit it appeared that the money was paid out by defendant upon checks to which plaintiff's name was forged by his clerk; that the forgeries covered a period of six months; and that monthly during this period defendant furnished plaintiff a statement of his account, and returned him all checks that it had paid on the account: *Held*, That the bank was only liable for payments made before the furnishing of the first monthly statement. [*First Nat. Bank v. Allen*, Ala.]

ALTERATION OF INSTRUMENTS.—The insertion of a place of payment in a note after delivery is a material alteration. [*Winter v. Pool*, Ala.]

BANKS—INSOLVENCY—DEPOSITS.—Where money and checks are unsuspectingly deposited in a bank, which is known by its managing officer to be hopelessly insolvent, a few minutes before closing hour on the last day on which it does business, and the checks are subsequently collected by the bank's clerk, the whole of the deposit is charged with a trust, and an equal amount may be recovered from the receiver, who retains the specific money among the general mass of the bank's funds. [*Wasson v. Hawkins*, U. S. C. C., Ind.]

CORPORATIONS—STOCKHOLDERS.—A stockholder in a bank, who has received dividends for years, cannot, after the bank has become insolvent and gone into a receiver's hands, repudiate his double liability to creditors imposed by the Banking Act of 1887, § 46, on the ground that he was induced to become a stockholder by the fraud of the officers of the bank. [*Bissell v. Heath*, Mich.]

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

MINOR'S INDORSEMENT.

A minor deposits cash and takes a certificate of deposit for the same, leaving his signature in the signature book. The certificate is paid on his indorsement. Can his guardian make the bank pay this again?

REPLY.—Daniel in his work on Negotiable Instruments (Vol. 1, page 662) says, "An infant is not bound by his indorsement of a bill or note, being incapable of making a contract; but he may by his indorsement (which is voidable—not absolutely void), transfer the paper to any subsequent holder, against all the parties thereto, except himself." Some of the authorities quoted by him are *Nightingale v. Withington*, 15 Mass. 272; *Burke v. Allen*, 29 N. H. 106; *Frasier v. Massey*, 14 Ind. 382; *Hardy v. Waters*, 38 Me. 450; *Taylor v. Croker*, 4 Esp. 187. This rule of law is so well established, that further comment seems unnecessary.

APPLICATION OF SECURITIES AND SURETY'S RIGHT OF SUBROGATION.

Please answer the following: A party obtained a loan from a bank and gave two notes, both secured by a second deed of trust, and one of the notes also had a security B. When the notes come due, the bank is fearful that it cannot get all of

its money out of the real estate. What course must it pursue? If the land was sold first under the deed of trust and it brought only one-half of the debt, could the bank put the proceeds on the note with the real security alone, or would it have to be put on both notes equally, and then what part could the bank collect from the security B.?

What interest has B. in the deed of trust if the bank should make him pay his note first?

REPLY.—Unless the deed of trust contained some special stipulation to the contrary, the bank could apply the proceeds of the sale of the realty to the note for which B. was not liable, and could compel B. to pay the whole of the other note. A debtor who has given security for the payment of several notes, cannot, in case the security proves insufficient for the payment of all, direct how it shall be applied. On the contrary, the creditor has a clear right to apply his security to such of the notes as he may see fit, and in such a way as will best serve his own interest. Nor has a surety, who claims, as it were, through the principal debtor, any rights in the security which are not strictly subordinate to those of the creditor. (*Wilcox v. Fairhaven Bank*, 7 Allen (Mass.) 270; *Brandton Suretyship and Guaranty*, §§ 305, 306; *Sheldon on Subrogation*, §§ 115, 127, 129, and cases there cited.) Moreover the bank can pursue all its remedies at once, and compel B. to pay the note for which he is liable without waiting to exhaust the security provided by the deed of trust. (*Brandton Suretyship, etc.*, § 237.)

So much for the rights of the bank. B.'s interest in the deed of trust is simply this: If as a surety (or as a guarantor or indorsee, either of whom for our present purposes would stand in the same position as a surety) B. were required to pay the note on which the principal debtor was primarily liable, he would be subrogated in equity to all of the creditor's rights under the deed of trust, so far as this might be done without prejudice to the creditor. This right of subrogation is given to the surety in order to indemnify him, out of the property of the principal debtor, for having been required to pay what, as between him and the principal debtor, ought to have been paid by the latter. It is manifestly equitable that the surety, having paid the debt, should have the benefit of any security for it, which the creditor may hold and which would otherwise have to be surrendered to the delinquent principal. This being the natural equity on which the surety's right of subrogation rests, it is obvious that no such right can reasonably be held to arise in respect to any particular security, until the whole debt which it was given to secure has in some way been paid—that is, until the creditor has no longer a right to retain it for his own protection. And such is the well-established rule of law. (See the authorities above referred to and *Harris on Subrogation*, § 589.) Accordingly in the case stated by our correspondent, if the real security was only sufficient to pay one of the notes, B.'s right of subrogation would never arise or would be utterly worthless. For when the bank had exhausted the proceeds of the sale in paying the note on which B. was not liable, nothing would be left in the hands of the bank with respect to which B. could be subrogated. On the other hand, if the proceeds of the sale proved to be more than enough to pay the note secured only by the deed of trust, and the other note was paid by B., he would be subrogated to the creditor's rights in the surplus.

B.'s right of subrogation may possibly go a little farther. Although the "officious volunteer" is a person whom the law abhors, and the general rule is that a surety cannot invoke the doctrine of subrogation, unless the debt which he has paid was one for which he was legally liable, yet there is authority to the effect that in a case

like that stated, B. might pay both the notes, one of which is under no possible legal obligation to pay, and thereby entitle himself to be subrogated to all the bank's rights under the deed of trust. (*Wilcox v. Fairhaven Bank*, *ubi supra*. See also *Sheldon on Subrogation*, §§ 1 and 245.)

Inasmuch as our correspondent writes from Missouri, we ought perhaps to say a few words in regard to a decision of the Supreme Court of that State (*Allison v. Sutherland*, 50 Mo. 274), which we think has been misunderstood. In that case it appeared that a number of notes were secured by real estate held under an agreement of trust. One of the notes, which the plaintiff had indorsed, had been paid by him, and it was held that he was entitled, by right of subrogation, to a *pro rata* share of the amount realized from a sale of the real estate, the whole amount not being sufficient to pay all the notes. Sheldon says that this decision "is contrary to the general doctrine" (*Sheldon on Subrogation*, § 127), and Harris makes a similar criticism upon it (*Harris on Subrogation*, § 589). But both appear to have overlooked the decisive fact that by the express terms of the trust agreement, the proceeds of the sale were to be applied *pro rata* to all the notes, so that the *pro rata* share to which the plaintiff was held to be entitled was security only for the note which the plaintiff had paid, and could not have been applied to the payment of the other notes without a breach of trust. This is the ground on which the court expressly based their decision, and we cannot see how they could have decided otherwise than they did. (Compare *Brandt on Suretyship, etc.*, § 306.) In our view this decision does not conflict at all with the answers we have given to the inquiries of our correspondent, or with the established principles of the law of subrogation.

I am seeking a solution of the problem as follows. Can you cite me to the authorities?

A. borrowed money of B., for which A. executed his note, payable at B.'s office or place of business, the note secured by trust-deed. B. sold and assigned the note and trust-deed to C. B. afterward disposed of his business to and was succeeded by the B. I. Co. Before the maturity of the note the B. I. Co. disposed of its business to and was succeeded by the C. T. Co.

At the maturity of the note A. placed funds for the payment of the note with the C. T. Co., with instructions for its payment. C. neglected to present the note at the office or place of business of the C. T. Co. and demand its payment at maturity or since. Some two months after A. placed the funds as above with the C. T. Co., the company failed, and these funds are now tied up with the assets of the C. T. Co. in the hands of a receiver.

By reason of the above, can A. estop C. from foreclosing the trust-deed, and has A. a valid defense against C.'s action at law to recover from A. the amount of the note?

REPLY.—The note in question designated the payee's "office or place of business" as the place of payment, whereas, in the absence of such a designation, it would have been the office or place of business of the maker. But whether the place of payment be the place of business of the maker or of the payee, it is his place of business at the time when the note matures, without reference to what may have been his place of business at the time when the note was made.

But even if the note in question were construed to be payable at the place which was B.'s office or place of business when the note was made, and where the C. T. Co. was doing business when the note matured, it is none the less perfectly clear that nothing in the facts stated would relieve A. from his obligation to pay his note whenever presented to him by C. or deprive A. of his right to resort to the security provided by the trust-deed in case A. refused or neglected to pay the note on demand.

We are not called upon to consider what would have constituted a good presentment of the note in order to enable C. to charge the indorser, B. The only question is whether there is anything in the facts stated to deprive C., the holder of the note, of his rights against A., the maker. As between these two, it is the duty of A. to pay the note whenever C. demands payment, and to provide funds for the purpose. C. may present the note when he chooses. There is no limit to the time within which he must present it, except that fixed by the Statute of Limitations. C. has lost nothing as yet by neglecting to present the note at maturity. In the case stated, A. undertook to perform his obligation to provide funds for the payment of the note, by placing the money with the C. T. Co. But he did this at his peril. The company was his agent, not C.'s. C. had given the company no authority to receive the funds as his agent, and had done nothing to lead A. to suppose that he had done so. There has, therefore, been no payment of the note and nothing has been done or omitted to relieve A. from his obligation to pay it, or to deprive C. of any part of his security. These propositions are too clear to require a citation of authorities. A. must pay his note when presented and get the funds he placed with the C. T. Co. as best he can. They properly constitute no part of the company's assets.

CORRESPONDENCE.

To the Editor of the BANKER'S MAGAZINE :

SIR—In your article in the July number, on the First National Bank of Chicago and its well-known president, Mr. Gage, there is a statement which, as it stands, I think, might be somewhat misleading.

You say, "Only two banks in the United States carry larger deposits, and perhaps, all conditions considered, *it is the third bank in the world, the Bank of England and the Chemical, of New York, only excelling it.*"

I have no desire to diminish the high standing of the First Chicago, but when the statement is made that it is the third bank in the world as regards deposits, I think the statement requires the qualification of "doing business in a single office" to make it accurate.

That qualification, of course, would rule the Bank of England out of the comparison, as that bank has twelve offices.

I append a statement of the deposits of a few European banks, all of which largely exceed those of the First Chicago. The figures are taken from the "London Banks," May, 1894 :

National Provincial Bank of England, Limited..	£41,800,000	say	\$209,000,000
Bank of England.....	36,300,000	"	181,500,000
London & County Banking Co., Limited.....	33,800,000	"	169,000,000
London & Westminster Bank, Limited.....	26,400,000	"	132,000,000
Lloyd's Bank, Limited.....	24,100,000	"	120,500,000
Bank of Scotland.....	14,700,000	"	73,500,000
Commercial Bank of Scotland.....	12,000,000	"	60,000,000
Crédit Lyonnais.....	Fcs. 909,700,000	"	181,900,000
Union Bank of Australia, Limited.....	£16,900,000	"	84,500,000

and I might add many more whose deposits exceed the \$30,000,000 of the First Chicago.

Yours respectfully,

"ACCURACY."

BANKING AND FINANCIAL ITEMS.

GENERAL.

MORE than three-fourths of all the stock of the National banks is owned by persons holding stock to a less amount than \$3,000. With exception of the Sugar and some other like trusts, the stock of a majority of corporations and banks is held by small stockholders, and it is from these that most of the income tax will be collected.—*Louisville Commercial*.

BANK CLERK.—“This check, madame, isn't filled in.”

Madame.—“Isn't what?”

Bank Clerk.—“It has your husband's name signed to it, but does not state how much money you want.”

Madame.—“Oh, is that all? Well, I'll take all there is.”

CHINESE BANK NOTES.—Chinese bank notes are more like promissory notes than our bank notes. There is not and never has been a National bank, and notes are not used as currency to any extent. The banker merely writes the amount on the note and puts his private seal or chop over it.

Such notes are made out for all sums from 5 to 20,000 taels, and the Chinese banker never goes back on his signature. He pays the notes when they are presented in silver or gold. The silver is usually paid according to weight, in lumps the shape of a toy bath tub, ranging in value all the way from \$1 to \$50. The usual size is worth about \$50, and it weighs about five pounds. The gold is made in long, thin cakes, and is 20 carats fine.

The banker stamps with his private seal every piece of silver he pays out, and even the Mexican dollars are marked thus with India ink.

Every big bank or company has a man who takes all the silver dollars that come in and fits them into holes made in a board, so that when they lie on them their surface is just level with the board. He then takes a brush and water and washes them as white and clean as though they had just come from the mint. He now stamps his chop on each of them, and this means that he guarantees their payment.

Any one who has been in China will see the necessity for this. There are no shrewder counterfeiters in the world than the Chinese, and they are especially adept in the plugging of coin.

The other day an American got a silver dollar in trade at Hankow, and attempted to pass it at the bank there. He was told it was not good, and upon his questioning the matter the Chinese cashier sent for a candle and lit it. He then held the coin over it, and lo! in a moment it began to melt. The sides fell off and in the center there was a piece of copper. The counterfeiters had split a genuine coin and had hollowed out the two pieces on the inside so that the copper could be fitted into them. They were then patched together so neatly that only the experienced eye of the Chinese shroff could detect the fraud.—*Philadelphia Times*.

AN interesting inquiry as to the use of the National banking system by people of small means has been set on foot by Comptroller Eckels, in a circular sent to each National bank, with the recent call for a statement of condition. Inquiries have been made heretofore, as to the use of credit instruments by bank depositors, but Comptroller Eckels proposes, for the first time on any considerable scale, to seek an answer to the broader question, what classes of people use the banks. He has accordingly asked for separate statements of the number of depositors having less than \$1,000 on deposit, with the gross amount of their deposits, the number having between \$1,000 and \$2,000, the number between \$2,000 and \$10,000, and the number above the latter figure.

If the small deposits prove to be in the majority, and their number is large, it will be regarded as a proof that the banks are of general use by people of all degrees of wealth. Each bank will make its separate report, and it will be possible to ascertain the average of each deposit under \$1,000 by a simple calculation. These averages will be tabulated by towns, cities, and states, and the results are likely to be of value in the discussion of the currency question next winter.

The friends of a banking currency have always maintained that such a currency promoted prosperity in a new country and paved the way to deposit banking. The statistics for the United States ought to show the situation in every sort of business community, from the thickly settled commercial cities of the East, where the use of credit instruments is universal, to the most sparsely settled districts of the far West, where no banks exist, and cash is the only medium of transactions.

Comptroller Eckels is already receiving replies to an earlier inquiry which will contribute to shed light on another phase of the same general subject. He asked the banks, several weeks ago, to make a report of the character of the payments on deposit on June 30th by certain classes of retail tradesmen, grocers, bakers, and butchers. This will show how large a proportion of the customers of these tradesmen pay checks in their daily transactions or in the settlement of their weekly or monthly accounts.

The proportion of credit instruments deposited in National banks was a subject of inquiry by Comptroller Knox in 1881, but he made no classification of depositors, and the aggregate transactions showed a much larger proportion of credit instruments than is likely to be the case with the retail tradesmen specified by Comptroller Eckels. The replies to this inquiry will be tabulated by cities, towns, and states, and are likely to aid in the interpretation of the statistics of deposits which have just been called for.

Comptroller Eckels is especially interested in the results from the country towns and the less thickly settled portions of the country. He anticipates a large use of credit instruments and their use by the smallest depositors in the great commercial cities, but he is not so sure, however, that the use has extended into the newer sections of the country, where banks are few and recently established, and he proposes to examine and compare the figures from these sections with especial care.

CURIOUS STORY OF A SAVINGS BANK DEPOSIT.—A verdict for \$544.88 in favor of Mrs. Caroline A. Peed and against the Savings Bank of Baltimore, in the Superior Court, recently, involves a curious story. In August, 1864, Mrs. Peed deposited in the bank \$385 in the name of Tobias York, a small boy whom she had taken to raise, the deposit being made subject to her order. From time to time she drew sums of money from the bank, until 1870, when she put the book away, thinking the deposit had been nearly exhausted. She overlooked the book and forgot all about it, until about a year ago, when she was notified to bring it to the bank and have the interest and dividends entered. On taking it to the bank she found that only \$35 was left of the original deposit, but the sum to her credit was \$544.88. Payment of this amount was refused her on the ground that the money belonged to Tobias York, whom Mrs. Peed has not seen for twenty years. Mrs. Peed thereupon instituted suit for the money, claiming that it was hers originally, and that she had never intended to make a gift of it, but had deposited as she did for her own convenience. Counsel for the bank claimed that the money was not hers originally, and that even if it had been, she had made such a gift of it as to deprive her of its ownership. Judge Ritchie instructed the jury that if they found from the testimony that the money originally belonged to Mrs. Peed, and that at the time she deposited it she had no intention of giving it away, but desired to retain possession and control of it for her own use, then their verdict must be for her. Thomas Ireland Elliott was counsel for Mrs. Peed and George R. Willis for the bank.—*Baltimore Sun*.

AN ADDING MACHINE.—An ingenious adding machine, recently introduced in Providence banks, is said to be infallible in results, and to do the work of two or three active clerks. Inclosed in a frame with heavy plate-glass panels, through which the working of the mechanism can be seen, the machine occupies a space of 11 by 15 inches and is nine inches high. On an inclined keyboard are 81 keys, arranged in nine rows of nine keys each. No ciphers appear on the keyboard, but they are printed automatically on the paper, to the right of the initial figure in the relative position, corresponding to any row of keys wherein no key has been depressed. Depressing the keys sets the type which prints the desired figures in place, so that when the desired figures are all depressed or placed, the operating lever, which is located at the right of the machine, is then drawn toward the operator, when the amount is printed upon the paper at the back of the machine. The motion of this

operating lever imparts the power to the working parts of the machine, through springs which are regulated to impart a given and uniform power to the interior machinery. The speed is regulated by a governor which fully controls it, and this, together with the springs, fully protects the works against carelessness on the part of the operator, who cannot, even intentionally, injure the working parts. The adding machinery is controlled by a large key to the left, on the keyboard. This is operated to set up and print the total of a column of figures, and, if desired, will carry forward this total and print it at the top of another column which is to follow. This key is also used to correct errors made in the careless manipulation of the number keys. The record is made on a strip of paper automatically fed from a roll at the rear of the machine, the paper passing over an impression roll and adjacent to a cutter over which it can be readily cut off. The printing is done through an inked ribbon, which, during the operation of the machine, is automatically passed and repassed between two cylinders, requiring no attention from the operator until it is exhausted. The types are attached to plates, carried in sections, and are capable of a limited movement to and from the impression roll, and the imprint is made by a quick percussive blow, produced by drawing the lever. The capacity is 9,999,999 99 and in two minutes the machine has printed and added 83 amounts, ranging from 1 to 1,000,000 00—the total being 1,208,667 16—and it is said that a good operator can sit down and add 2,100 amounts per hour.

"A SIGN OF THE TIMES," said one of two men who were standing on the steps of a bank, "is the lot of old coin and queer, rubbishy money that is in circulation just now. We are taking in all kinds of pocket pieces and lucky pennies that have been given to depositors in change. The gold dollar has been at a premium for some time, but quite a number have been put into circulation lately."

"Do you give face value for old and odd coin?"

"Yes, and they are very glad to get it. Now here's a twenty five cent scrip. I gave a good silver quarter for that. A man who keeps a restaurant told me he had taken in bangles and keepsake coins in exchange for meals. He sold me this," holding out a coin.

It was a silver half-dollar of the date of 1865. It had been worn on a watch chain.

"See, it has an inscription on one side, 'Get there, Jimmie,' and some letters. 'Jimmie' seems to have 'got there' all right," and the new owner of the luck-coin restored it to his pocket.

WASHINGTON, D. C., July 1, 1894.—The number of National banks organized in the United States since the last report of the Comptroller of the Currency, on October 31st, has been larger than was expected by the officials, in view of the financial depression.

Periods of prosperity are usually marked by the rapid extension of the banking system, and the year ending October 31, 1890, showed 307 new banking institutions under National charters, with an aggregate capital of \$36,350,000. The number has not been so large in any year since, and was only 119, with an aggregate capital of \$11,230,000, during the year ending October 31, 1893.

Most of these were organized before the breaking out of the panic in June, and many applications for new charters which were then on file were withdrawn, and no effort has been made to complete the organization.

The past few months, however, has shown a revival in the organization of new banks, and the number authorized from October 31st up to date has been 34. Ten of them have been organized since June 1st.

Pennsylvania and Illinois show the largest number of new institutions—four each—and Minnesota comes next with three. Most of the new banks are in the Southern and Western States, because of the more rapid growth of those sections, and the fact that the East is already equipped, but New England has two new institutions to her credit, the Phillips' National Bank of Phillips, Me., and the People's National Bank of Swanton, Vt.—*Boston Herald.*

EASTERN STATES.

CAMDEN, ME.—Not to be behind our other nice buildings in town, the banking rooms of the Camden National Bank have been undergoing quite extensive repairs and improvements. A short time ago the entire finish, including floors, partitions,

ceiling, etc., were removed and the whole refinished in the most modern style. The rooms which were originally in three have been put into two by a partition about midway of the building. Birch floors have been laid and a wainscoting in quartered oak runs around the entire building. The counter is a very fine piece of furniture and is also in quartered oak and has beveled plate glass. The door, which was originally about midway of the front, has been changed to the corner, giving much more room in the front office. On the inside and under the counter is a very convenient arrangement of drawers and cupboards for books, papers, etc. The safe, which originally sat about midway of the front room and against the outer wall, has been placed in the back room with just the front projecting through the partition. New windows and doors have been put in, the front windows being large plate glass. The doors and all other finish are in carefully selected quartered oak. The rear room is designed for the directors' room, and is conveniently arranged. This has been transformed from an ordinary brick store to the most modern metropolitan-styled banking rooms. The designs were furnished by J. F. Stetson, cashier, who has been the prime mover in this most commendable undertaking.

BOSTON, MASS.—The State National Bank lately redeemed one of its old State bank bills. It was signed by S. Frothingham, president, and Geo. Atchison, cashier, and was dated May 1, 1851.

BOSTON, MASS.—SMALLER DIVIDENDS FROM SAVINGS BANKS.—The Provident Institution for Savings, the largest savings bank in Boston, declared a semi-annual dividend for July of $1\frac{1}{2}$ per cent., against a customary rate of 2 per cent. This at once raises the question how far the present depression in the loan market is to affect the dividend-paying capacity of the savings banks of the State as a rule. We may venture the statement at the start that the days of an average interest rate of 4 per cent. and over on deposits in the savings banks of this State have about gone by.

During the past 18 years this average rate of dividend has declined from above 5 per cent. to a trifle above 4 per cent. But the earning power of money has meanwhile declined to a greater extent, and only the fact that most of the banks have held bonds purchased at exceptionally low rates, and had at an earlier date made other profitable investments which are no longer so abundantly available, has enabled them to maintain even the average 4 per cent. rates of interest.

As the country grows older, interest rates naturally tend to fall. Natural resources to be developed, and the chances springing therefrom of acquiring extraordinary returns for the money and labor invested, remain more or less fixed, while capital increases rapidly. The returns to capital consequently cannot be maintained, but are worn down by the collision of an increasing supply with a more limited demand. This is the rule the world over, and nothing but great disturbances to the general credit can bring back to capital in this country the earning power it has formerly possessed.

Not a few of the savings banks of Massachusetts have been lending money on personal security at as low a rate as $3\frac{1}{2}$ per cent., and while the conditions that have produced this result are more or less abnormal, they are not likely to be so far overcome as to restore the former earning capacity of money on deposit. The savings bank commissioners in their report of three years ago predicted that the banks would not be able much longer to maintain dividend rates at or above 4 per cent. The indications are that the prediction is about to be fulfilled.

HAVERHILL, MASS.—The National banks in this city are paying July semi-annual dividends as follows: Merrimack Bank, 4 per cent.; First National, 3 per cent.; Haverhill, 3 per cent.; Second National, 4 per cent.; Essex National, none.

FALL RIVER, MASS.—Mr. Edward E. Hathaway, cashier of the Pocasset National Bank, has just completed 40 years of service in that institution, having entered it as a clerk July 1, 1854, the first year of the organization of the bank. He was subsequently promoted to the position of teller, and in 1862, on the resignation of Mr. Wm. H. Brackett, its first cashier, he succeeded to that office. Mr. Hathaway is 57 years of age, and bids fair to serve the bank another score or more of years, in which case that institution will continue to have the services of a faithful and efficient employee.

NEW BEDFORD, MASS.—The entrance to the Merchants' Bank building on Purchase street is completed. The wainscoting in the vestibule is of yellow Numidian, or Bois d'Orient marble, of which the columns in the banking room are an imitation. The vestibule at the entrance of the banking room and that at the main entrance to the building on the south are being wainscoted with the same material, which is highly polished. The door frames and doors are veneered with mahogany and beautifully carved. These were made at Norcross Brothers' factory. Mechanics in the employ of the George A. Schastey Company, of Springfield, are now putting in the furniture of the bank, which is of mahogany, and according to their contract this work will be completed by the middle of August. The counters, partitions, coupon booths, etc., come put together in sections and match together without trouble. All the rooms in the building, with the exception of those to be occupied by the bank, are finished.

NEWBURYPORT, MASS.—The First National Bank has had some splendid men at its head, men who do good to the city by their liberal but careful financiering. The directors believe in maintaining this reputation, as is evinced by the last election.

WARE, MASS.—The Ware National Bank has in contemplation the building of a new banking house on the site of the present Bank. The present home of the bank is one of the oldest buildings of the town, and is in very good repair, but the want of more room and a better vault has been apparent for a long time. An architect from Boston was in town recently, taking a view and measurements of the present building, and will probably submit a plan for the new building, whether they will build this year or not. The savings bank building, which was built a few years ago, is commodious and a model of convenience, and if the National bank people conclude to build people may be sure they will put up an elegant structure, which, besides being a model for the purpose for which it is to be used, will add much to the beauty of the street.

WESTFIELD, MASS.—The Woronoco Savings Bank has moved into its new quarters over the Hampden National Bank, thus relieving the crowded condition of the latter, and giving its patrons prompt attention at all times. The savings bank room is conveniently and tastefully fitted up. Treasurer Ashley is to be congratulated as well as the public which has to do business with the institution, upon having so desirable a place in which to do business.

CONCORD, N. H.—Chairman Lyford, of the board of bank commissioners of New Hampshire, regards the rate of taxation on savings banks deposits as one of the most important questions that is to come before the next legislature of the Granite State. In the course of an address delivered at a recent meeting of the State board of trade, he took occasion to remark that the first tax laid by New Hampshire on savings deposits was just thirty years ago, when the rate was placed at three-fourths of one per cent. Five years later this was increased to one per cent., and there it has remained ever since—considerably in excess, by the way, of the rate of other Eastern commonwealths. By way of comparison, it may be said that the rate in Maine is three-fourths of one per cent.; Vermont, seven-tenths of one per cent.; Massachusetts, one-half of one per cent., with exemptions that make the average rate about three-tenths of one per cent.; Rhode Island, one-fourth of one per cent.; Connecticut, one-fourth of one per cent., with certain exemptions; while to jump over to the Middle States, in New York there is no tax.

As a result in part of the burden thus laid upon the earnings of the New Hampshire institutions, by which the dividend has inevitably been decreased, the deposits fell off nearly \$7,000,000 for the year ending with the first of last April, or nearly ten per cent. The legislature has repeatedly been asked to reduce the tax; but when it has come to mustering forces, the opponents of reduction have easily carried the day. In the face, however, of the showing to which attention has here been directed, it would not be surprising if a majority of the legislators become so aroused to the gravity of affairs, consequent upon a permanent loss of revenue from a decrease of deposits, as to vote for a reduced rate. Otherwise the drain upon the deposits, partly through the transference of accounts to the savings banks of other States, where larger dividends are paid, and from other causes, must

steadily continue. And this of course cannot be suffered to prevail save at injury to the material prosperity of the commonwealth.

PORTSMOUTH, N. H.—The directors of the New Hampshire National Bank declared a semi-annual dividend of $3\frac{1}{2}$ per cent., payable July 2d, to stockholders of record, June 25th.

ELIZABETH, N. J.—The First National Bank building, at the corner of Broad and West Grand streets, now being repaired, is fast nearing completion.

PATERSON, N. J.—The directors of the Second National Bank have had a meeting for the purpose of deciding between the two plans of Architect Edwards for the proposed new building on Market street, but no definite action was taken in the matter.

N. Y. STATE.—An old law of this State provides that all deposits belonging to savings banks that are held by other banks shall be considered as preferred claims in favor of the savings bank depositors, requiring them to be paid in full out of the assets of any bank holding such deposits in case of its failure. In the case of the *Elmira Savings Bank v. Elmira National Bank* (which failed some time ago), the New York Court of Appeals, Judge Gray reading the opinion, held that the plaintiff's claim to the whole amount of the deposit and the operation of the State law in opposition to the National law was sustained. Millions of dollars in this State are affected by this decision, which are on deposit with the National and State banks in the name of savings banks.

N. Y. CITY.—TO BUILD THE CLEARING-HOUSE.—Messrs. Eidlitz & Son have been awarded the contract for the erection of the new clearing-house building in Cedar street, between Broadway and Nassau street. The work will be done under the supervision of Robert W. Gibson, the architect. The old buildings on the site have been torn down and the necessary excavations for the foundations, and for the construction of the gold-vaults, are now being made. It is expected that the new building will be ready for occupancy by May 1st next.

ALBANY, N. Y.—Another hearing has been decided upon by the committee on banking, currency, and insurance of the Constitutional Convention on the proposed amendment to tax the stock of trust companies and of private banking institutions. It was announced for Wednesday evening, August 1st, and probably will be devoted to the consideration of a substitute proposition, the purpose of which is to place an equitable tax upon the capital of National banks as well as of trust companies and private banks. The members of the committee do not express themselves as any more in favor of this idea than of that contained in the original amendment, but they say they are searching for as much light as possible on the subject before undertaking to reach a determination as to the advisability of indorsing either proposition. It is understood that most of the committee are disinclined to recommend to the convention any proposition designed to alter existing methods of bank taxation, taking the ground that matters of this nature come strictly within the province of legislative bodies.

BUFFALO, N. Y.—The committee appointed for the proposed State Bankers' Association, at a recent conference of bankers in this city, have issued a call for a convention to be held at Saratoga Springs, on the fifteenth and sixteenth of August, for the purpose of effecting a permanent State Bankers' Association. The idea is to form an organization uniting all the banking interests in the State, and giving an active representation to every member of the Association.

MEADVILLE, PA.—A new steel vault has been placed in the New First National Bank, and none but those who examine the concern can form an idea of the solidity of the vault. First a brick vault, the walls of which are two feet thick, was built, and then the steel fixtures from the works of the Diebold Safe and Lock Co., Canton, O., were placed therein. The steel work weighs about sixty tons. On the south side are 150 safe deposit boxes for the use of the public. To each box are two keys, one to be used by the lessee, and the other to be kept at the bank. The lock on each box is so constructed that it cannot be opened unless the two keys are inserted at the same time. On the north side is the safe in which the bank funds are deposited. The doors of the vault are of solid steel, and so thick that the mid-

night prowlers who go from town to town would not attempt to force an entrance, even though they might chance to gain admission to the bank building. The vault is provided with a time lock, which can be set in order that the door can be opened at any hour desired. The vault is the most extensive and secure of any in any bank in Meadville, and is a credit to the enterprise of the management of Meadville's newest financial institution.

PROVIDENCE, R. I.—The new law relative to the banking business is now in force. Hereafter all the banks will close at 12 o'clock on Saturdays. Notes, drafts, etc., dated after May 11th this year, and falling due on any Saturday or holiday, will be payable the first business day thereafter, instead of the first business day previous as heretofore. The closing of the banks at noon on Saturdays will have a tendency to broaden the scope of the Saturday half-holiday, which is gradually becoming a feature in Rhode Island.

ST. ALBANS, VT.—“ALL IN VERMONT.”—The statement of the People's Trust Co. for the fiscal year ending June 30th. is well worth the reading by every business man. It shows what such an institution can do when it sets out to offer safe, sound, and secure investments for the people's money. The phrase “all in Vermont” has been long associated with the rock-ribbed securities of the company and often dwelt upon as a commendable enterprise for a home institution. The statement reflects great credit upon the conservative management which made such figures possible.

WESTERN STATES.

ROCKFORD, ILL.—The bankers of Rockford have organized a social and business club, the officers chosen being: President, Chandler Star; vice-president, J. D. Waterman; secretary and treasurer, Charles E. Herrick. The officers, with W. H. McCutchan, B. J. Chaney and W. F. Woodruff, constitute the executive committee. The plan of the club is to have social sessions and banquets at stated intervals and have addresses on the financial question by eminent financiers from Chicago and elsewhere.

KEWANEE, ILL.—The First National Bank of Kewanee has purchased the ground owned by A. and F. Maul, on Tremont street, and a new bank building will be erected immediately. The new building will be one of the most imposing in the town.

NEW ALBANY, IND.—The Board of Directors of the Merchants' National Bank has declared a semi-annual dividend of 5 per cent. payable on and after July 1st. A dividend of 4 per cent. free of taxes has been declared by the First National Bank. The other two banks of the city passed the dividend and will place their earnings for the past six months to the surplus fund.

NEW ALBANY, IND.—The New Albany National Bank has purchased the building occupied by the defunct New Albany Banking Company on Pearl and Market streets, of Clarence Frederick, the consideration being \$8,000. The interior will be improved and new fixtures will be placed in the bank. The new quarters will not be occupied for about four weeks.

SIoux CITY, IA.—A special meeting of the stockholders of the Corn Exchange National Bank was lately held to consider a reduction of the stock from \$300,000 to \$150,000. The meeting was called, but a number of the stockholders who were expected not being present an adjournment was taken. There is no doubt that the reduction will be made. The change will make no difference with the working force of the bank, but is made, it is said, chiefly for the reason that the amount of business at the present time does not warrant the institution in carrying \$300,000 of capital.

BURLINGTON, IA.—The following new banking rules have been adopted by all the banking institutions of Burlington and were made public recently through printed notices to all the customers of the said banks:

The undersigned banks of the city of Burlington, Iowa, have by agreement adopted the following rules relative to the handling of checks, cash items and collections received from city and country correspondents:

I. On all checks and cash items bearing the indorsement of banks located at points east of the Mississippi River and at clearing-house cities on the Missouri River, a charge of 50c. per \$1,000 will be made on round amounts; and on single items 15c. on sums of \$100 or less; 25c. on sums over \$100 up to \$500. Items sent for credit by our regular correspondents, which they have received from local depositors, will be credited at par as heretofore. These charges will be in addition to any costs that may accrue from the collecting of out-of-town items.

II. Collections requiring messenger service and remittance (except to regular correspondents) will be charged for as follows: 15c. on items of \$25 or less; 25c. for amounts over \$25 up to \$500; 50c. per \$1,000 on all amounts in excess of \$500 when remittances are made in Chicago exchange. If New York exchange be required the charge will be \$1 per \$1,000 on amounts of \$250 and over.

III. To cover postage, trouble and cost of handling, a charge of 15c. per item will be made on mercantile collections returned unpaid.

NATIONAL STATE BANK.
FIRST NATIONAL BANK.
MERCHANTS' NATIONAL BANK.
IOWA STATE SAVINGS BANK.
GERMAN-AMERICAN SAVINGS BANK.

TOPEKA, KAN.—Bank Commissioner Breidenthal, in his call for a statement of the condition of the State banks at the close of business July 18th, has included a demand heretofore neglected in calls to banks organized before the date of the new banking law. He calls upon all State banks regardless of the date of their organization to comply with section 30 of the law which says:

The directors of any bank organized under this act may semi-annually declare a dividend of so much of the net profits of the association as they shall judge expedient, but each association shall, before the declaration of a dividend, carry one-tenth part of its net profits of the preceding half year to its surplus fund until the same shall amount to 50 per cent. of its capital stock.

This act was approved March 10, 1891. All banks organized since that date have complied with the section; but the old banks have ignored it. Commissioner Breidenthal regards such discrimination as not only unfair but unbusiness-like and having obtained an opinion from Attorney General Little that the words "organized under this act" should be construed as meaning "doing business under this act," calls upon all State banks to make a showing of the amount of dividends they have declared and the amounts they have carried to their surplus funds.

WYANDOTTE, MICH.—We invite attention to report of condition, made by the First Commercial and Savings Bank, which opened for business September 25, 1893. Their figures for May 4, 1894, show capital, \$50,000; undivided profits, \$3,546.

ST. PAUL, MINN.—The directors of the St. Paul National Bank recently declared the regular $3\frac{1}{2}$ per cent. semi-annual dividend, payable July 2d, to stockholders of record of June 21st.

The directors of the Germania Bank held a meeting June 20th, and declared a semi-annual dividend of 4 per cent., payable on the 1st of July. The fact that the bank can make such a dividend during the business depression which pervades the country shows its sound and conservative management, and places it in the front rank of the financial institutions in the Northwest. William Bickel, the president, and P. M. Kerst, cashier, as well as the directors, are to be congratulated upon the prosperous condition of this important financial institution.

ST. CHARLES, MO.—All the banks of St. Charles have declared a semi-annual dividend of 5 per cent.

CARTHAGE, MO.—The new furniture and fixtures for the Carthage National Bank, now being placed in the new Strickland corner, are attracting much favorable comment. They are made of birch in natural grain, are highly polished, and the workmanship reflects great credit upon the designers and makers.

ST. LOUIS, MO.—The Union Trust Company are now "at home" to the public in their new quarters in the building which bears their name, and where they occupy the first floor and basement, the latter the most interesting of the two,

as here is located their immense safe deposit vaults, capable of holding some 8,000 boxes, varying in size and ranging in price from \$5 to \$35 per year.

The doors to this mammoth vault are wrought steel, and weigh about 14,000 pounds. Adjacent to the vault is a large airy room, and adjoining it a number of small rooms for the convenience of depositors. The stairways, wainscoting, etc., are of marble. There are special accommodations for ladies, and taking everything into consideration, it is conceded that there is no finer safe-deposit vault in the world. Everything connected with the vault was specially designed by the Herring-Hall-Marvin Company, who pronounce it a vault absolutely fire and burglar-proof, but to be appreciated it must be seen, and visitors are cordially welcomed. The banking offices are located on the first floor.

CANTON, O.—The contract for the erection of the new City Bank building has been let by the directors. Work on the structure will begin at once.

MILWAUKEE, WIS.—As required by law four of the State banks of Milwaukee have filed with the register of deeds semi-annual statements showing in detail their condition. These four banks have resources in the aggregate amounting to about \$13,000,000. The statements show plenty of specie and bank notes on hand. The Marine Bank, which is the only one of the four which failed last year, has now loans and discounts amounting to nearly \$2,000,000. The undivided profits are already over \$40,000.

The Second Ward Savings Bank has loans and discounts of \$1,620,597.24; total resources, \$3,962,375.19; due depositors, \$3,418,850.50.

The Marshall & Ilsley Bank has loans and discounts of \$1,652,870.76; total resources, \$2,956,665.29; due depositors on demand, \$1,699,035.10; on time, \$810,157.50.

The German-American Bank has loans and discounts of \$222,155.96; total resources \$327,689.13; due depositors on demand, \$179,286.60; on time, \$40,886.29.

SUPERIOR, WIS.—The bankers of Wisconsin in convention assembled at Milwaukee, took the ground that a State bank examiner is a necessity, and passed resolutions in favor of the enactment of a law providing for such an office. A Milwaukee paper comes out in opposition to the idea, and claims that a bank examiner is no guarantee of safer banking. At the last session of the legislature a bill embracing this very point, which the bankers ask for, was introduced in the State legislature and was killed by the vote and influence of the Milwaukee legislators. Within a half year afterwards Milwaukee was visited by a series of bank failures which exhibited most imperfect and improper banking practices. Really, it looks as though Milwaukee has not profited by the severe lessons of the panic.—*Telegram.*

SOUTHERN STATES.

TITUSVILLE, FLA.—The Indian River State Bank of Titusville declared its regular semi-annual dividend of 5 per cent. on its capital stock on July 2d, and added \$1,000 to surplus account, making the surplus now aggregate the sum of \$5,000. Since the bank was incorporated in 1890 it has paid in an aggregate of 51 per cent. in dividends on its capital stock. The total assets of this institution are now \$200,000.

ATLANTA, GA.—The Atlanta Trust and Banking Company is adding greatly to the appearance of its building, corner Alabama and Broad streets, by putting in a new front. When the work is finished the bank corner will be quite attractive in an architectural sense.

LOUISVILLE, KY.—The statement of business for the first twenty-four days of the American National Bank has been issued, and far exceeds the expectations of all concerned. The earnings are shown to be \$22,542.20, which is considered a fine showing by the local bankers.

LOUISVILLE, KY.—The Bank of Commerce has moved into its new offices. President Burford and Cashier Casseday express themselves as being heartily glad that the change has at last been effected. The new quarters are large and well

arranged, the only objectionable feature being the low ceiling. The furniture is almost exactly like that of the Fidelity Trust Co., and everything has been arranged for convenience. A point that will commend itself to every banker is that the individual bookkeeper is between the two tellers.

BALTIMORE, MD.—A special meeting of the Clearing-house association was held at the Union Bank to arrange for entertaining the delegates to the annual convention of the National bankers' association which meets here October 10th and 11th. The convention may be held in the new Music hall which will be ready for use in the early fall. The Hotel Stafford will be completed by that time and may be secured as a headquarters for the delegates.

NASHVILLE, TENN.—The First National Bank is to be reorganized and the capital stock reduced from \$1,000,000 to \$600,000. The extra \$400,000 will be used to charge off every debt due the bank, which is considered bad or doubtful, thus bringing all of the bank's assets to current values. By this plan the surplus, \$76,000 and undivided profits, would remain as now shown on the bank's books.

This plan was put on foot by the directors. This action was taken in view of the fact that the National bank examiner had suggested to the Comptroller of the Currency that the established and probable loss of the bank aggregated \$100,000. He recommended that the amount be charged off. Special committees of the directors have made a thorough examination of the bank's affairs, and it is at the suggestion of this committee that the proposed plan was decided upon as the best to all interested.

Sterling exchange has ranged during July at from 4.87 $\frac{3}{4}$ @ 4.89 $\frac{1}{4}$ for sight, and 4.86 $\frac{3}{4}$ @ 4.87 $\frac{3}{4}$ for 60 days. Paris—Bankers', 5.15 $\frac{3}{8}$ @ 5.15 for sight, and 5.17 $\frac{1}{2}$ 1-16 @ 5.16 $\frac{3}{8}$ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.87 $\frac{1}{2}$ @ 4.87 $\frac{3}{4}$; bankers' sterling, sight, 4.88 $\frac{1}{2}$ @ 4.89; cable transfers, 4.88 $\frac{3}{4}$ @ 4.89 $\frac{1}{2}$. Paris—bankers', 60 days, 5.16 $\frac{3}{8}$ 1-16 @ 5.16 $\frac{3}{8}$; sight, 5.15 1-16 @ 5.15. Antwerp—Commercial, 60 days, 5.18 $\frac{3}{8}$ @ 5.18 $\frac{1}{2}$. Berlin—Bankers', 60 days, 95 7-16 @ 95 $\frac{1}{2}$; sight, 95 13-16 @ 95 $\frac{3}{8}$. Amsterdam—Bankers', 60 days, 40 $\frac{1}{2}$ @ 40 5-16; sight, 40 $\frac{3}{8}$ @ 40 7-16.

The reports of the New York Clearing-house returns compare as follows:

1894.	Loans.	Specie.	Legal Tender.	Deposits.	Circulation.	Surplus.
July 7..	\$483,753,500	\$91,223,000	\$128,061,300	\$588,598,300	\$10,334,700	\$72,134,725
" 14..	482,730,300	90,835,000	130,487,500	589,524,500	10,118,800	73,941,375
" 21..	482,642,300	91,044,800	130,344,000	589,100,800	9,980,600	74,113,600
" 28..	481,633,600	90,642,500	127,265,600	584,019,100	9,871,000	71,903,725

The Boston bank statement is as follows:

1894.	Loans.	Specie.	Legal Tender	Deposits.	Circulation.
July 7.....	\$174,395,000	\$10,855,000	\$10,003,000	\$174,017,000	\$7,191,000
" 14.....	173,620,000	11,040,000	10,186,000	171,900,000	7,307,000
" 21.....	171,958,000	11,894,000	10,602,000	168,884,000	7,188,000
" 28.....	172,437,000	11,091,000	10,518,000	167,480,000	7,173,000

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1894.	Loans.	Reserves	Deposits.	Circulation.
July 7.....	\$107,700,000	\$37,878,000	\$116,626,000	\$5,045,000
" 14.....	108,868,000	37,984,000	117,669,000	5,121,000
" 21.....	109,457,000	37,994,000	117,633,000	5,213,000
" 28.....	109,584,000	37,523,000	117,626,000	5,209,000

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money in New York have been as follows:

QUOTATIONS:	July 2.	July 9.	July 16.	July 23.	July 30.
Discounts.....	4 $\frac{1}{2}$ @ 6	4 $\frac{1}{2}$ @ 6	4 $\frac{1}{2}$ @ 6	4 $\frac{1}{2}$ @ 6	4 $\frac{1}{2}$ @ 5 $\frac{1}{2}$
Call Loans.....	1 @ 1 $\frac{1}{2}$	1	1	1	1
Treas. balances, coin..	\$82,612,970	\$81,667,564	\$80,501,395	\$76,053,042	\$72,045,935
Do. do. currency.	53,436,095	\$51,908,702	52,834,090	57,012,598	62,113,443

NEW BANKS, BANKERS AND SAVINGS BANKS.

(Monthly List, continued from July No., page 74.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ALA....	Troy.....	Peoples Bank.....	National City Bank.
		W. B. Folmar, P.	A. Haley, Cas.
ARK....	Springdale.....	Farmers & Merchants Bank.	.....
		J. W. Carrel, P.	Lee Sanders, Cas.
		A. Sanders, V. P.	
DAK. S.	Madison.....	Daly & Mackay.....	.....
	\$25,000	Matthew W. Daly, P.	Wm. A. Mackay, Cas.
ILL....	Grand Ridge....	Bank of Grand Ridge.....	National Park Bank.
	\$10,000		C. C. Strong, Cas.
■	..New Holland...	L. Burchett & Son.....	.....
■	..Ramsey.....	Fayette Co. Bank.....	.....
	\$10,000	Jonathan B. Green, P.	N. R. Green, Cas.
IND....	Martinsville....	Citizens National Bank....	.....
	\$50,000	J. T. Cunningham, P.	W. D. Frazee, Cas.
IND. T..	Terral.....	Bank of Terral.....	Southern National Bank.
		C. M. Hobbs, P.	G. A. Still, Cas.
		B. F. Still, V. P.	
IOWA....	Baxter.....	City Bank.....	Gilman, Son & Co.
		Geo. D. Wood, P.	R. L. Arnold, Cas.
		F. R. Witmer, V. P.	
■	..Calamus.....	Bank of Calamus.....	.....
		(E. A. Christensen.)	
■	..Carlisle.....	Bank of Carlisle.....	.....
		(Charles H. Kegley.)	
■	..Coon Rapids..	State Savings Bank.....	Chase National Bank.
	\$20,000	Abraham Dixon, P.	Jerry Kendrick, Cas.
		Edward McDonald, V. P.	
■	..Dayton.....	Farmers State Bank.....	.....
	\$25,000	J. A. Lindberg, P.	E. M. Lundien, Cas.
		D. A. Peterson, V. P.	
■	..Estherville....	Bank of Estherville.....	Western National Bank.
			Frank H. Rhodes, Cas.
			W. T. Rhodes, Asst.
■	..Hawkeye....	Bopp Bros. State Bank....	.....
	\$25,000	C. W. Bopp, P.	W. E. Bopp, Cas.
		F. A. Bopp, V. P.	
■	..Lake City.....	First National Bank.....	National Bank Republic.
	\$50,000	S. T. Hutchison, P.	C. Korslund, Cas.
		L. F. Danforth, V. P.	A. O. Wick, Asst.
■	..Sioux Center...	Citizens State Bank.....	.....
	\$25,000	G. H. Schoep, P.	Arthur M. Day, Cas.
		H. Van Den Top, V. P.	
MICH...	Constantine....	Commercial State Bank....	Chase National Bank.
	\$25,000	John H. Jones, P.	James A. Marsh, Cas.
		Samuel Gibson, V. P.	David E. Wilson, Asst.
■	..Manchester....	Union Savings Bank.....	Chase National Bank.
	\$15,400	Benj. G. English, P.	Edwin E. Root, Cas.
		C. F. Kapp, V. P.	
MINN...	Grand Rapids..	Itasca Mercantile Bank....	.....
	\$50,000	H. C. Merritt, P.	Fred. T. Bueneman, Cas.
		Thos. H. Phillips, V. P.	
■	..Kasson.....	National Bank of Kasson..	.....
	\$50,000	T. S. Slingerland, P.	E. E. Fairchild, Cas.
■	..Zumbrota....	Security Bank.....	Chase National Bank.
	\$30,000	C. Peterson, P.	F. M. March, Cas.
		H. Ahneman, V. P.	M. Halverson, 2d V. P.
MO....	Gainesville....	Bank of Gainesville.....	.....
	\$5,000	John R. Reed, P.	William T. Harlin, Cas.
		J. P. Harlin, V. P.	

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
MO.....	Hermitage.....	Hermitage Bank.....	.....
	\$5,000	William L. Pitts, <i>P.</i>	Joseph S. Hartman, <i>Cas.</i>
"	Springfield.....	Springfield Sav. B'k, (<i>Re-opened.</i>)	National B'k Commerce.
	\$25,000	Ernest W. Ferguson, <i>P.</i>	A. F. Ingram, <i>Tr.</i>
MONT..	Bozeman.....	Commercial Nat. Bank....	.....
	\$50,000		Geo. L. Ramsey, <i>Cas.</i>
NEB....	Sheridan.....	Sheridan Banking Co.....	Kountze Bros.
			A. R. Burrows, <i>Tr.</i>
"	Smithfield....	State Bank of Smithfield...	.....
	\$5,000	M. T. Jackson, <i>P.</i>	Walter Smith, <i>Cas.</i>
		Geo. C. Junkin, <i>V. P.</i>	
OHIO...Youngstown....	Wick National Bank.....		Chemical National Bank.
	\$300,000	John C. Wick, <i>P.</i>	Chas. J. Wick, <i>Cas.</i>
		Myron C. Wick, <i>V. P.</i>	E. H. Hosmer, <i>Asst.</i>
PA....	Cochranon....	First National Bank.....	Hanover National Bank.
	\$50,000	Hugh Smith, <i>P.</i>	Jesse Moore, <i>Cas.</i>
		A. Gaston, <i>V. P.</i>	
TENN...Nashville.....	Thos. Plater & Co.....		.....

APPLICATIONS FOR NATIONAL BANKS.

The following *applications* for authority to organize *National Banks* have been filed with the Comptroller of the Currency during July, 1894.

- IND....Lagrange.....National Bank of Lagrange, by Solomon Rose and associates.
 IND. T. Duncan.....First National Bank, by M. W. Carrico, Fort Worth, Tex., and associates.
 ME....Fairfield.....National Bank of Fairfield, by H. L. Kelley and associates.
 N. C....Washington....First National Bank, by A. M. Dumay and associates.
 OKL. T. Newkirk.....First National Bank, by A. P. Culley, Loup City, Neb., and associates.
 PA.GreensburgWestmoreland National Bank, by Lucien Clawson and associates.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(*Monthly List, continued from July No., page 78.*)

<i>No.</i>	<i>Name and Place.</i>	<i>President.</i>	<i>Cashier.</i>	<i>Capital.</i>
4964	Citizens National Bank..... Martinsville, Ind.	J. T. Cunningham,	W. D. Frazee,	\$50,000
4965	Union National Bank..... Huntingdon, Pa.	H. J. McAteer,	R. J. Mattern,	50,000
4966	First National Bank..... Lake City, Ia.	S. T. Hutchison,	C. Korslund,	50,000
4967	First National Bank..... Alexis, Ill.	Henry Tubbs,	C. A. Tubbs,	50,000
4968	Commercial National Bank.... Bozeman, Mont.		George L. Ramsey,	50,000
4969	National Bank of Kasson..... Kasson, Minn.	T. S. Slingerland,	E. E. Fairchild,	50,000
4970	Wick National Bank... Youngstown, O.	John C. Wick,	Chas. J. Wick,	300,000
4971	First National Bank..... Cochranon, Pa.	Hugh Smith,	Jesse Moore,	50,000

CHANGES, DISSOLUTIONS, ETC.

(Continued from July No., page 79.)

- NEW YORK CITY.....Sherman Bank has gone into voluntary liquidation.
 " " " ".....L. D. Alexander & Co. reported assigned.
- ARK....Texarkana.....Gate City National Bank has gone into voluntary liquidation.
- CAL....Placerville.....Mierson & Jewell succeeded by A. Mierson.
- COL....Denver... ..State National Bank has consolidated with Union National Bank.
 " ..Denver.....City National Bank consolidated with American National Bank.
- ILL....Rock Falls.....Peoples Bank (A. Horlacher) reported closed.
- IND....Lagrange.....First National Bank will be succeeded by National Bank of Lagrange.
- IOWA...Baxter.....Baxter Bank succeeded by City Bank.
 " ..Coon Rapids...City Bank and Coon Rapids Bank succeeded by State Savings Bank.
 " ..Dexter.....Bank of Dexter now State Bank incorporated; same officers and correspondents.
- KAN....Blue Rapids...Blue Rapids City Bank incorporated; same officers and correspondents.
 " ..Sharon Springs..Bank of Wallace Co. reported closed.
 " ..Sylvan Grove...German-American Bank sold out to Sylvan State Bank.
- KY....Horse Cave...Merchants Banking Co. consolidated with Farmers Deposit Bank.
- MASS....Boston.....Investment Trust Co. closed.
- MICH...Detroit.....American Banking and Savings Association; title changed to American Savings Bank.
- MINN...Grand Rapids..Merritt Banking & Mercantile Co. succeeded by Itasca Mercantile Bank.
 " ..Kasson.....First National Bank succeeded by National Bank of Kasson.
- MO....Wakenda.....Farmers Bank reported closed.
- MONT..Bozeman.....Commercial Exchange Bank succeeded by Commercial National Bank.
 " ..Neihart.....First National Bank reported closed.
- NEB....Auburn.....Farmers & Merchants National Bank reported liquidating.
 " ..Grant.....First National Bank reported closed.
 " ..Smithfield.....Bank of Smithfield succeeded by State Bank.
- OHIO...Youngstown...Wick Bros. & Co. succeeded by Wick National Bank.
- OKL. T.Enid.....Stock Exchange Bank reported closed.
- ORE...Astoria.....I. W. Case reported assigned.
 " ..Baker City.....Baker City National Bank reported suspended.
 " ..Oswego.....Oswego Commercial & Savings Bank reported closing.
- PA.....Cochranton...Cochranton Savings Bank succeeded by First National Bank.
- TEXAS..Dublin... ..First National Bank reported in liquidation.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from July No., page 77.)

<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
N. Y. CITY. Second National Bank.....	Chas. B. Fosdick, <i>Actg. P.</i>	George Montague.*
• .. Bank of the Metropolis.....	{ Theo. Rogers, <i>P.</i>	Robert Schell.
• .. Colonial Bank.....	{ E. C. Evans, <i>Cas.</i>	Theo. Rogers.
• .. Dollar Savings Bank.....	George B. Jaques, <i>P.</i>	Isaac W. White.
• .. Knickerbocker Trust Co.....	W. M. Kern, <i>Sec.</i>	J. Ogden Kern.
• .. United States Savings Bank.....	Robert Maclay, <i>P.</i>	Robert Maclay, <i>Act'g.</i>
• .. West Side Savings Bank.....	John Hyslop, <i>Sec.</i>	Geo. A. Middlebrook.
• .. First National Bank, Mobile.....	Stephen G. Cook, <i>P.</i>	David S. Paige.
ALA.....	A. M. Quigley, <i>V. P.</i>	
COL..... Rocky Mt. N. B., Central City.....	T. H. Potter, <i>P.</i>	Frederick Kruse.
GA..... Georgia Security & B'k'g Co., Atlanta.....	Otis O. Smith, <i>Cas.</i>	Otis O. Smith, <i>Asst.</i>
• .. Title Guarantee & Loan Co., Savannah.....	C. H. Dorsett, <i>P.</i>	Geo. A. Stone.
ILL..... Exchange Bank, Belleflower.....	Geo. M. Carson, <i>Cas.</i>	J. E. Carson.
• .. Clay City B'k'g Co., Clay City.....	Israel Mills, <i>P.</i>	J. T. Evans.
• .. National Bank of Jerseyville, Jerseyville.....	W. H. Fulkerson, <i>V. P.</i>	
• .. First National Bank, Ottawa.....	A. H. Cochran, <i>Asst.</i>	
IND..... First Nat. Bank, Gas City.....	Lorenzo Leland, <i>P.</i>	H. M. Hamilton.
• .. Capital Nat B'k, Indianapolis.....	B. F. Barze, <i>Cas.</i>	C. E. Pritchard.
• .. Monon Bank, Monon.....	W. F. Churchman, <i>Cas.</i>	
IOWA..... Graettinger Savings Bank, Graettinger.....	J. F. Horner, <i>Cas.</i>	Chas. H. Baxter.
• .. Citizens State Bank, Hampton.....	M. F. Kerwick, <i>P.</i>	E. S. Ormsby.
• .. Northwood Banking Co., Northwood.....	A. R. Carter, <i>P.</i>	George Beed.
• .. Mahaska Co. State Bank, Oskaloosa.....	T. J. R. Robinson, <i>Cas.</i>	G. G. Clemmer.
• .. Farmers Bank, Paton.....	G. N. Haugen, <i>P.</i>	K. Cleophas.
• .. Farmers State Bank, Paullina.....	K. Cleophas, <i>V. P.</i>	J. H. Willing.
KAN..... First National Bank, Burlingame.....	C. H. Vernon, <i>P.</i>	J. A. L. Crookham.
• .. Exchange National Bank, Eldorado.....	Albert Head, <i>P.</i>	Mahlon Head.
• .. Dickinson Co. Bank, Enterprise.....	A. P. Jacobs, <i>P.</i>	Geo. H. Henderson.
• .. Everest State Bank, Everest.....	C. M. Sheldon, <i>P.</i>	Wm. P. Deming.
• .. Hoisington State Bank, Hoisington.....	L. B. Wheeler, <i>V. P.</i>	C. E. Filley.
KY..... Big Sandy N. B., Catlettsburg.....	A. G. Sharp, <i>Cas.</i>	L. P. Davis.
LA..... First Nat. B'k, Lake Charles.....	Geo. W. Brown, <i>Cas.</i>	H. H. Gardner.
ME..... Biddeford Nat. B'k, Biddeford.....	W. E. Brown, <i>Asst.</i>	J. D. Rearick.
• .. Foxborough N. B., Foxborough.....	C. B. Hoffman, <i>P.</i>	
• .. Norway Nat. Bank, Norway.....	J. F. Buhner, <i>V. P.</i>	
MASS..... Globe Nat. Bank, Boston.....	J. M. Robbins, <i>V. P.</i>	
• .. Old Boston Nat. Bank, Boston.....	N. F. Hess, <i>Cas.</i>	Sam'l P. Zimmerman.
• .. South End Nat. B'k, Boston.....	D. W. Linder, <i>P.</i>	W. W. Truxal.
• .. Warren National Bank, Peabody.....	C. W. Linder, <i>Cas.</i>	R. C. Bailey.
• .. Crocker Inst. for Savings, Turner's Falls.....	J. B. Hatten, <i>Cas.</i>	M. H. Houston.
MICH..... First National Bank, Corunna.....	George Lock, <i>P.</i>	A. J. Perkins.
• .. Home Savings Bank, Detroit.....	R. Jordan, <i>P.</i>	Luther Bryant.*
	W. B. Crocker, <i>P.</i>	Chas. W. Hedges.
	C. N. Tubbs, <i>P.</i>	
	S. S. Stearns, <i>Tr.</i>	
	C. E. Stevens, <i>P.</i>	Chas. O. Billings.
	T. F. Pratt, <i>Asst. pro tem.</i>	
	W. A. Tripp, <i>Ass. pro tem.</i>	
	Nathaniel Symonds, <i>P.</i>	
	Franklin Osborn, <i>V. P.</i>	N. Symonds.
	G. L. Rist, <i>P.</i>	J. H. Root.
	W. A. Rosenkrans, <i>Cas.</i>	A. T. Nichols.
	W. F. Gallagher, <i>Asst.</i>	W. A. Rosenkrans.
	Julius H. Haass, <i>Cas.</i>	John S. Schmittiel.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
MICH.	First National Exch. Bank, Port Huron.	T. A. Goulden, <i>Asst.</i>	Jas. Bradley.
"	First National Bank, Romeo.	M. I. Brabb, <i>P.</i>	John H. Brabb.
MINN.	Bank of Heron Lake, Heron Lake.	B. Poppitz, <i>P.</i>	J. N. McGregor.
		J. N. McGregor, <i>V. P.</i>	
		E. J. Grimes, <i>Cas.</i>	J. S. Kibbey.
MO.	North Western Bank, Burlington Junction.	J. Wesley Jones, <i>P.</i>	Alex. Gray.
		Alex. Gray, <i>V. P.</i>	
"	First National Bank, Lamar.	Eugene Albright, <i>Cas.</i>	A. C. Burnett.
"	First National Bank, Liberty.	Daniel Hughes, <i>P.</i>	F. E. Carr.
"	Nodaway Valley Bank, Maryville.	Jas. B. Robinson, <i>P.</i>	Theo. L. Robinson.*
		John T. Welch, <i>Cas.</i>	Jas. B. Robinson.
MONT.	Great Falls N. B., Great Falls.	E. B. Weirick, <i>Cas.</i>	H. B. Hill, <i>Act'g.</i>
NEB.	First National Bank, Neligh.	J. C. Blackford, <i>P.</i>	T. A. Black.
"	American Nat. B'k, Omaha.	Thos. L. Kimball, <i>P.</i>	John L. McCague.
"	Commercial B'k, Rising City.	W. M. Ladd, <i>Cas.</i>	Willis A. Baldwin.
N. H.	New Hampshire Sav. B'k, Concord.	Samuel C. Eastman, <i>P.</i>	Sam'l S. Kimball.
"	Dartmouth National Bank, Hanover.	Chas. P. Chase, <i>V. P.</i>	
		Perley R. Rugbee, <i>Cas.</i>	Chas. P. Chase.
N. Y.	Union Bank, Buffalo.	James Kerr, <i>Cas.</i>	Louis Stern.
"	Second Nat. Bank, Cortland.	E. A. Fish, <i>V. P.</i>	C. F. Wickwire.
"	First National Bank, Salamanca.	W. H. Crandall, <i>V. P.</i>	John P. Colgrove.
		E. F. Hoy, <i>Cas.</i>	
"	First National Bank, Utica.	Chas. B. Rogers, <i>V. P.</i>	Edward Curran.
OHIO.	Exchange Bank, Waynesville.	I. N. Harris, <i>Cas.</i>	J. J. Mosher.
PA.	Hazleton Nat. Bank, Hazleton.	C. H. Lindemann, <i>Cas.</i>	A. M. Lby.
"	First National Bank, Pittsburg.	F. H. Skelding, <i>Asst.</i>	
"	Freehold Bank, Pittsburg.	James P. Speer, <i>P.</i>	
"	Wyoming N. B., Tunkhannock.	John A. Bell, <i>V. P.</i>	
"	Centreville N. B., Centreville.	John B. Fasset, <i>Cas.</i>	F. W. DeWitt.
R. I.	Centreville Savings Bank, Centreville.	Geo. B. Waterhouse, <i>P.</i>	
"		Chas. Duke, <i>P.</i>	Enos Lapham.*
"	Warwick Inst. for Savings, Centreville.	Chas. Duke, <i>P.</i>	Enos Lapham.*
"	Coddington Sav. B'k, Newport.	Lewis I. Simonson, <i>P.</i>	Thos. Coggeshall.
TEXAS.	First National Bank, Abilene.	E. S. Kean, <i>Cas.</i>	E. H. Sintenis.*
"	Iron City Nat. Bank, Llano.	M. M. Hargis, <i>V. P.</i>	R. H. Laning.
"	First National Bank, Meridian.	Jas. A. Cottingham, <i>Asst.</i>	
"	State National Bank, Vernon.	S. C. Stephens, <i>Cas.</i>	F. M. Mabry.
		E. E. Youngblood, <i>Asst.</i>	
VT.	Island Pond National Bank, Island Pond.	Geo. H. Fitzgerald, <i>P.</i>	E. C. Robinson.*
		Nathan Hobson, <i>V. P.</i>	Geo. H. Fitzgerald.
VA.	Bank of Halifax, Houston.	William Leigh, <i>P.</i>	R. Holt Easley.
"	Lynchburgh Nat. Bank, Lynchburgh.	Wm. V. Wilson, Jr., <i>P.</i>	W. A. Carpenter.
"	Union Bank, Richmond.	A. L. Boulware, <i>P.</i>	
W. VA.	Bank of Berkeley Springs.	A. M. Mendenhall, <i>Cas.</i>	J. W. Alderton.
WASH.	Browne Nat. Bank, Spokane.	Arthur J. Shaw, <i>Cas.</i>	Theodore Reed.
"	Citizens Nat. Bank, Tacoma.	A. V. Hayden, <i>Mgr.</i>	W. G. Hellar.
WIS.	State Bank, Roscobel.	W. H. Pittman, <i>Cas.</i>	L. M. Parks.
"	First Nat. Bank, Darlington.	M. H. Michaelson, <i>Asst.</i>	
"	First National Bank, Janesville.	S. B. Smith, <i>P.</i>	L. B. Carle.
		L. B. Carle, <i>V. P.</i>	F. S. Eldred.
"	Batavian Bank, La Crosse.	E. E. Bentley, <i>P.</i>	G. Van Steenwyk.
		M. B. Greenwood, <i>Cas.</i>	E. E. Bentley.
		Louis V. Bennett, <i>Asst.</i>	M. B. Greenwood.
ONT.	Ontario Bank, Toronto.	G. R. R. Cockburn, <i>P.</i>	Sir W. P. Howland.
N. B.	Bank of British N. America, Fredericton.	J. Taylor, <i>Mgr.</i>	Robert Inglis.
"	Bank of Nova Scotia, Fredericton.	E. Stavert, <i>Agt.</i>	T. B. Blair.
"	Bank of Nova Scotia, St. John.	T. B. Blair, <i>Agt.</i>	Geo. Sanderson.
"	Bank of Nova Scotia, Woodstock.	Geo. Sanderson, <i>Agt.</i>	W. P. Hunt.
NOVA S.	Halifax B'k'g Co., Springhill.	E. B. Fairbanks, <i>Act'g. Agt.</i>	H. H. Archibald.

*Deceased.

PROJECTED BANKING INSTITUTIONS.

- D. C.**.... Washington ... Hooper, Helphenstine & Co., Bankers and Brokers, 1333 F St.
Mr. R. K. Helphenstine, resident partner.
- GA.**.... Augusta..... Germania Savings Institution will be started soon.
- ILL.**.... .Bloomington.... Monitor Savings & Loan Ass'n; capital, \$50,000,000. Incorporators: G. M. Smith, J. A. Miller, H. J. Chesher, J. C. Cole.
- IND.**.... Columbus..... Hon. P. H. McCormack will be president of the new bank started at Columbus; capital, \$100,000.
- .. Petersburg..... Gustaff Frank and others have organized the Pike County State Bank.
- IOWA**... Coon Rapids... State Savings Bank; capital, \$20,000. A. Dixon, President; Edw. McDonald, Vice-President; J. Kendrick, Cashier.
- . Des Moines.... Consolidated Savings Institution; capital, \$200,000. Incorporators: Charles Rose, G. W. Chamberlain, Walter L. Gamp, A. W. Krith, C. H. Marsh, Frank Cummins.
- MD.**.... Baltimore..... New bank starting with \$100,000 capital. Those interested are Jas. R. Wheeler, T. W. Marriott, J. F. Ely, J. J. Waltz, John Martin, Jordan Stabler, and others.
- MASS.**... Newton Centre. Newton Centre Trust Co. Dwight Chester, President; W. R. Dresser, Treasurer.
- MO.**.... Liberal..... Exchange Bank; capital, \$5,000. Incorporators: G. W. and R. S. Baldwin.
- NEB.**.... Omaha..... Central Investment Co.; capital, \$50,000. Incorporators: H. P. Merrill, Jos. P. Wagner.
- OHIO.**.. Cleveland..... Guardian Trust Co. John F. Whitelaw, President; J. H. Wade, Vice-President; E. W. Oglebay, Secretary and Treasurer.
- PA.**.... Philadelphia.... North Broad Safe Deposit and Storage Co.; capital, \$25,000. Incorporators: J. Clark Miller, Frank D. Curry, Fayette R. Buell, Geo. E. Campbell, Robert G. Magee, George M. Miller.
- WIS.**.... Milwaukee..... New German bank will be established on the west side. George Brumder and Gustav Wollaeger, interested.

DEATHS.

BROWN.—On July 26, aged seventy-seven years, JOHN J. BROWN, President of First National Bank, Paterson, N. J.

BRYANT.—On July 4, aged seventy-three years, LUTHER BRYANT, President of Biddeford National Bank, Biddeford, Me.

JONES.—On July 19, aged sixty-five years, E. P. JONES, President of First National Bank, Findlay, O.

MONTAGUE.—On July 24, aged sixty-four years, GEORGE MONTAGUE, President of Second National Bank, New York City.

MOULTON.—On July 23, aged eighty-three years, JOHN C. MOULTON, President of Laconia National Bank, Laconia, N. H.

VAIL.—On July 20, aged seventy-seven years, D. M. VAIL, President of New Brunswick Savings Bank, New Brunswick, N. J.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, JULY, 1894.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in July.																
GOVERNMENTS.				RAILROAD STOCKS.				MISCELLANEOUS.				MISCELLANEOUS.				
Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.	Open- ing.	High- est.	Low- est.	Clos- ing.	Open- ing.	High- est.	Low- est.	Clos- ing.	Open- ing.	High- est.	Low- est.	Clos- ing.
2 ^d , 1897..... reg.	Mar.	96	96	96	96	Col. Fuel & Iron.....	—	—	—	—	—	—	—	—	—	—
4 th , 1897..... reg.	Jan.	113	114	113	113 1/2	Col., H. Valley & Tol.....	—	17 1/2	15 1/2	15 1/2	—	—	—	—	—	—
4 th , 1897..... coup.	Jan.	114 1/4	114 1/4	113 3/4	114	Del. & Hudson.....	120 1/2	133 1/2	126 1/2	133 1/2	—	—	—	—	—	—
6 th , cur cy, 1895, reg.	Feb.	101	101	101	101	Den. & Rio Grande.....	—	27 3/4	25	27	—	—	—	—	—	—
6 th , cur cy, 1896, reg.	Jan.	104	104	104	104	Do Do 1 st pref.....	—	12 1/2	12 1/2	12 1/2	—	—	—	—	—	—
6 th , cur cy, 1897, reg.	Jan.	107	107	107	107	Do Do 2 ^d pref.....	—	10 1/2	9	10	—	—	—	—	—	—
6 th , cur cy, 1898, reg.	July.	109	109	109	109	Evansville & T. H.....	8 3/4	9 1/2	8 1/2	90 1/2	—	—	—	—	—	—
6 th , cur cy, 1899, reg.	July.	112	112	112	112	Illinois Central.....	—	53	51	51	—	—	—	—	—	—
						Lake Erie and Western.....	—	15 1/2	15 1/2	15 1/2	—	—	—	—	—	—
						Lake Shore.....	—	130 1/2	127 1/2	127 1/2	—	—	—	—	—	—
						Long Island.....	—	88 1/2	87 1/2	88	—	—	—	—	—	—
						Louisville and Nashville.....	—	46 1/2	43 1/2	45 1/2	—	—	—	—	—	—
						Louisville, N. Alb. & Chic.....	7	7 1/2	7 1/2	7 1/2	—	—	—	—	—	—
						Manhattan Consol.....	115 1/2	117	112 1/2	113 1/2	—	—	—	—	—	—
						Mexican Central.....	—	94	94	94	—	—	—	—	—	—
						Michigan Central.....	—	—	—	—	—	—	—	—	—	—
						Mill, L. S. & W.....	—	—	—	—	—	—	—	—	—	—
						Minn. & St. Louis.....	—	8	3 1/2	15 1/2	—	—	—	—	—	—
						Mo., Kan. & Texas.....	—	25 1/2	15 1/2	15 1/2	—	—	—	—	—	—
						Missouri Pacific.....	—	21 1/2	15 1/2	20 1/2	—	—	—	—	—	—
						Nash., C. & St. L.....	—	98	95 1/2	95 1/2	—	—	—	—	—	—
						N. Y. C. & Hudson.....	—	14	13 1/2	13 1/2	—	—	—	—	—	—
						N. Y. C. & St. L., 1 st pref.....	—	62	62	62	—	—	—	—	—	—
						N. Y. L. E. & W.....	—	14 1/2	14 1/2	13 1/2	—	—	—	—	—	—
						N. Y. & New Eng.....	—	29	27 1/2	27 1/2	—	—	—	—	—	—
						N. Y. Ont. & W.....	—	14 1/2	14 1/2	14 1/2	—	—	—	—	—	—
						N. Y. Sus. & W.....	—	15 1/2	15 1/2	15 1/2	—	—	—	—	—	—
						Norfolk & Western.....	—	39 1/2	38 1/2	39 1/2	—	—	—	—	—	—
						Do Do	—	40 1/2	40 1/2	40 1/2	—	—	—	—	—	—
						Do Do	—	4 1/2	4 1/2	4 1/2	—	—	—	—	—	—
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No. 3.

THE MORALITY OF BANKERS.

It cannot be denied that within the last two years bank failures have been so numerous that the confidence of some persons in banks has been somewhat shaken. They have formed comparisons with bankers of the olden time to the disadvantage, as a class, of those who are now connected with these institutions. Much of our criticism concerning human conduct is erroneous, because it is founded on incomplete knowledge. We judge from what we know and, indeed, can judge in no other way, and yet every thoughtful person must realize that there are unknown facts which, if known, would doubtless modify most of the judgments that are formed concerning men and things. Now this remark applies with peculiar force to bankers. Their business is essentially a public one, and their misdeeds sooner or later come to the light. It may be that a bank official can succeed, as too often he unhappily has done, in pursuing a wrong course for a considerable period, but in the end his iniquity is disclosed. There have been some peculiar cases of wrong-doing in which bank officials have taken the funds of the institutions confided to their care, or rather a portion of them, and have subsequently succeeded in replacing them. Doubtless these cases are very rare, and the sums abstracted have not been large. In most cases the

wrong beginning, though perhaps small, has increased, and ends in heavy loss and bitterness.

Defalcations and wrongs of every kind are constantly occurring in other kinds of business, but are not revealed to the public by reason of its more private character. Now and then we read of a merchant whose confidential bookkeeper forged his notes or kept his books irregularly, or in other ways swindled him out of a large sum of money; but doubtless cases of this kind are occurring constantly of which the public has no knowledge. One of the ways in which these things come to light is through the courts, the wronged person seeking to obtain some redress or punishment of the guilty party. One of the consequences is that the public have formed a very erroneous opinion concerning the moral character of bank officials. They seem to think that they are worse because the cases of misdoing are so frequent. If they only would keep these facts in sight, that they are essentially public institutions and that their wrongs sooner or later are exposed, while the wrongs exposed in other kinds of business are perhaps exceptional, their judgments would be reversed. Of course, the wrong-doings of bank officials are not in the least mitigated or lessened by such considerations; but their conduct, compared with that of other individuals in their day and generation, will be regarded differently if this test is applied than if it is not.

The nature of the wrongs committed is also worthy of attention. Formerly, many of the irregularities of bank officials grew out of practices in connection with the issue of currency. Those who are familiar with early banking know that it was a common practice to obtain a little specie if the law required this as a basis of circulation, and then, having complied with the letter of the law, to issue notes, sell the specie and continue to circulate the notes until the public found out that they were worthless. Gouge, in his history of American Banking, says that there was a law in Kentucky requiring the deposit of a certain amount of specie before any circulation could be obtained, and that a series of banks was organized, enough specie was obtained for one of them, and having complied with the letter of the law in this regard and obtained its notes, the specie was transferred to another bank, and having obtained its notes it was transferred to a third, and so on until the entire cycle of banks had used the specie, when it was sent to New York and sold, and thus the banks had literally not a dollar with which to redeem their circulation. Nevertheless, they discounted paper for several months, and then, when their worthlessness was discovered, they all failed. This was typical of the modes of swindling in that day. The losses occurring from defective circulation were enormous. Furthermore,

those who conducted these institutions well knew, in most cases, that they were doing a very risky business, and that it was only a question of time when the public would discover the swindle that was practiced on them. Now this state of things has passed away and been forgotten by the public; but in the light of these events no one can question that the present morality of bankers is far more general and of a higher character than it was half a century ago.

The two kinds of frauds that are the most common among banks at the present time are those arising from speculation and from the organizing of banks as tenders to outside operations. More failures have occurred, perhaps, from speculation, than from any other cause. Officers and managers have been so situated that it was comparatively easy for them to obtain money for speculative operations. Millions have been sunk in speculations that need not be mentioned, and which have wrecked many a bank. But it must also be remembered that a much larger sum has been lost by those engaged in other pursuits, and which, in many cases, has been drawn from the treasuries of other corporations, through forgery and other means.

The other source of bank losses, as above mentioned, has come from speculations in lands, building enterprises, railways and the like, banks having been organized and conducted as tenders for these enterprises. It has been a very common thing for persons thus engaged in building or other enterprises, to organize banks in order to obtain the means for these purposes. Many of the failures of the last two years have been the consequence of the miscarriage of these schemes. These having failed, the borrowers have been unable to realize, and so their banks have fallen in the general crash. This has been the case especially with bank failures in the far West and Southwest, and the list of them is, unhappily, very large.

The fact must also be considered that public and private banks, and banking institutions, have become very numerous; indeed, the business has become one of the largest and most important in the country. Considering its magnitude, its general extent, the temptations of those having access to money to use it for individual gain, it may be fairly concluded that the moral conduct of bankers is quite as high as that of any other class of men engaged in the business. It must be remembered that the failures are the exceptions; that the percentage, considering the entire number of these institutions, and their resources, is small; that it is much less than the percentage in any other great business. This may seem a surprise to many, nevertheless the fact is correctly stated. The amount of their capital and deposits are enormous, while the percentage of loss, comparatively, after all divi-

dends are paid, is small. In the light of these facts no one should lose heart even if failures do now and then occur. It is true that during the last two years the losses have been painfully large, but it must also be remembered that this remark applies to every other kind of business. Doubtless failures will always occur, but the present condition of things is peculiar, and is not likely soon to be repeated. The worst seems to be over, and with the lessons that bank officers have received, as well as bank directors, shareholders, and all who are interested in these institutions, let us believe that in the future the record will be brighter than that of the last few years.

A REVIEW OF FINANCE AND BUSINESS.

GROWING IMPROVEMENT IN DEMAND AND PRICES.

Summer is over and gone at last; and, with it, the protracted and almost unprecedented heat and drought, over a large part of the country; also, thank fortune, the long and bitter tariff agitation and struggle, although it ended in one of the most humiliating scenes yet witnessed in the halls of Congress since the foundation of our Government. But that it is over for the present, at least, no matter how, the whole nation is most devoutly thankful; since when, everybody has been preparing to resume his business once more, because the end came so suddenly at last, that it was unexpected and found the business community unprepared for it. Despair of any bill at all, had nearly taken possession of the public mind, when it was confronted with a law, making radical changes in almost every branch of business, with only ten days before it took effect, in which to adapt itself to these changes. At this writing these ten days have but just passed; yet a general improvement in the volume of business has not only already been experienced; but, what is a happy surprise to most people, is a simultaneous improvement in prices with that in demand.

The highest hopes of the friends of tariff reduction have been more than realized, so far as possible in so short a time, while the worst predictions of its enemies have been disappointed. But the business men of the country, regardless of their past party stand upon this great issue, are alike only too glad to have this happy surprise or disappointment, after their weary endurance of the past two years of apprehension and stagnation. As always, the worst, when expected, is more than discounted; and the country has already suffered more depreciation from fear than it will from the reduced duties on her products.

Hence, this improvement in prices, as well as demand, was only natural, and its continuance and increase will be natural also and permanent, because natural, unless now unforeseen troubles shall arise. But these, too, have been discounted in the general and prolonged depression, and, if let alone by Congress, the coming year, we will see a period of such general prosperity, within two years as has not been experienced in this country but once since the War. Our crop outlook has also materially improved the past month, over what it was supposed to be a month ago; and this is also helping on the business recovery, that is ready to sweep over the country. For, although the farmers are not getting what were considered remunerative prices for their wheat, under the high tariff, the cost of its production under the new will be reduced materially by the cheaper prices the farmer will have to pay for all he buys, while it will not affect (outside of wool) that which he sells, because all his other products were produced in excess of home wants; and the surplus which was exported made the price of all consumed at home, and both were fixed by the products of Free Trade countries with whom American farmers have been compelled to compete in the markets of the world, while handicapped by high tariff, and hence high cost products, until they have been nearly bankrupted, for they have "paid the freight" on the high tariff.

HOW THE TARIFF STRUGGLE ENDED.

But with this rejoicing and unexpected business improvement, after the great tariff war is over, there is universal shame and true, patriotic grief, on the part of all citizens, of every party, over the disgraceful manner in which this legislation was concluded. The House and its members are the only branch of the Government that has come out of it, without a smirched reputation, or suspicion of corruption, in the most unblushing purchase and sale of laws, in the interest of monopolies, that was ever seen in the National Capitol. Such National disgrace cannot be forgotten in the good that comes out of evil; and the latter needs now to be recalled, and the responsibility for it fixed, that its authors may hereafter be made to atone for it.

Soon after the Tariff Bill, passed by the House, was sent to the Senate, and before the press had raised the cry that has since rung throughout the country, the question was asked in this column—"Has the Sugar Trust captured the Senate?" It has since been answered almost unanimously in the affirmative, by the action of that body, which has gone into history, as the most disgraceful scandal in its record; and, with scarcely a dissenting voice from its own members, of either party, when that dissent could have killed further Government protection to that

most shameless and corrupt Trust, for which several opportunities were offered, when one vote, or a single protest, would have accomplished this most devoutly to be hoped for consummation. But its iniquity has served the righteous purpose of focusing the attention of the whole country, upon the source of this disgrace and open corruption, of its highest legislative body, and has determined thinking men of all parties, to retrieve this National dishonor, by an utter destruction of the root of this overshadowing public evil, and danger to the existence of our form of Government, of which these Trusts are the spreading branches.

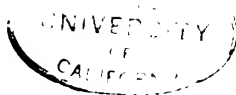
In the near future, therefore, it is certain that this stain upon our people will be wiped off our statute books, and the men in public life, responsible for it, retired to the ignominious oblivion they so richly deserve. Another good result will also be the eventual reconstruction of the Senate, or the methods of its election and legislation upon the basis of popular representation and accountability, with terms of office, which shall not be incongruously longer than that of their superior executive officers, the President and Vice-President, as now.

But, unfortunately, the slimy trail of the Trusts has not ended in the Senate Chamber, but has been traced suspiciously near the executive departments of the National Government, if they have not invaded and taken possession of the seat, of at least one cabinet officer, and the one that could do them the most good. Indeed, the action of this cabinet official has been as potent and persistent in the framing of the bastard Senate sugar schedule, as that of any of the so-called "conservative" Senators, which is the gross perversion of the use of that word, self, applied to the radically communistic and corrupted tools of the Trusts. Hence the question now before the country is,

HAVE THE TRUSTS ALSO CAPTURED THE EXECUTIVE,

as well as one branch of the legislative department of our National Government? The first answer has been given, above, as to the branch of the Executive, which was of chief use to the Trusts, namely, the Treasury. The second answer is to be found in the suspicious and undignified haste with which the Secretary of that Department rushed into the breach, to stop the probable passage of the House Supplemental Free Sugar Bill, by the Senate. The third answer is at hand in this cabinet officer's neglect to deny the charges of a responsible paper of his own party, that he was repeatedly in conference with the Sugar Trust officials, during the preparation of the Tariff Bill in the Senate, and that he actually came to New York and visited the headquarters of this Trust at the critical stages of its passage in the Senate.

One would suppose that the honor of the Administration



would require this officer to clear up these suspicious trails of the Sugar Trust in his Department; and, failing, that the President would call on him to do so, or resign, in order to clear himself of suspicion. In fact, there have been rumors of such resignation and of the appointment of the author of the Wilson Bill in his place, as the trail of the Trust has never led into the House nor into its committee rooms, as their stronghold was in the other wing of the Capitol, where a smaller number makes it cheaper and less difficult to "corner" the National Legislative market, after the Trust methods on Wall Street. But this is not all: an orthodox Democratic and Administration paper has made the statement that the depleted Treasury, about which both the President and Secretary have been so anxious, in connection with a duty on sugar, which both have urged, has lost nearly \$500,000 a day during the ten days between the passage of the Tariff Bill and its becoming a law, without the President's signature, on increased duties on sugar and whiskey, which have been hurried into the country and out of bond, respectively, and which would have gone to the Government instead of to these Trusts, had the President signed the bill when it passed. If these figures are correct, there has thus been lost \$5,000,000 to the National Treasury, and that much gained to the treasuries of those two Trusts. Why the President should not have signed the bill at once, and, with his signature, made public his letter to Representative Catchings, and saved this much needed money for the Government, is a mystery that the people will put away in their memories, with many others of this session of Congress, for future reference or explanation. In this connection, it is strange that in his remarkable letter, above referred to, there is not one word about sugar, in connection with the treason in his party, which he charges against the Senate, while he names the duty on coal and iron ore, among the treasonable articles in the new tariff.

These isolated facts, when put together, leave a very unwelcome impression on the public mind, which has hitherto pointed with pride and confidence to one man in public life, above suspicion even of self-interested motives in his public acts. When we add to these, the reports of reliable parties in Wall Street, that high members of the Administration have been dealing in stocks, through their offices, during the last session of Congress, it makes one wonder if old Diogenes would have any better luck in hunting for an honest man now, than in the days of Alexander the Great.

EFFECT OF THE NEW TARIFF ON THE TREASURY.

At this writing, only three days after the new tariff went into operation, its effect is already seen upon the condition of the Treasury.

The Government's total balance reached its lowest ebb July 19, when the available moneys held touched \$113,485,323. The gold reserve continued to decline till August 7, when its minimum of \$52,189,500 was reached; the lowest figure since the spring of 1876. Since then the improvement has been slow. The general balance has risen \$5,500,000 from July's low figure. The gold reserve has gained, from its August minimum, barely \$3,100,000. Returns, however, cover only the day on which the new tariff went into operation. The change in Treasury money holdings, therefore, does not yet show in figures. Customs receipts, however, have risen from a recent daily average of less than \$300,000 to \$882,000 for Tuesday's operations. Judging from the New York returns, Wednesday's total customs receipts must have run well above a million. Meantime internal revenue returns, which have averaged for the season about half a million daily, are holding up now to a daily total of a million and a half. It is, therefore, probable that we have seen and heard the last of depleting the gold reserve, and that from this time on, it will be steadily and more or less rapidly built up, until the deficit shall be made good. In this connection, the gold movement to date is of interest, and is as follows:

Exports of gold from January 1 to date.....	\$84,966,289
Imports the same period.....	12,743,900
Net exports.....	\$72,222,389
Net exports to date, 1893.....	\$24,386,456
Net exports to date, 1892.....	48,882,043
Net exports to date, 1891.....	71,822,461

Even silver seems to have turned the corner of depression in that market as well, and its evil effects are likely to be less and less felt, until both gold exports and the silver decline shall cease to be disturbing factors in finance or commerce.

The prices of bar silver are as follows: Bar silver in London, 3-16d. higher at 30 7-16d. per ounce. New York price for commercial bars, $\frac{1}{8}$ cent higher at 66 $\frac{1}{8}$ to 66 $\frac{3}{8}$ cents. Government assay bars, 66 $\frac{3}{4}$ to 67 $\frac{1}{4}$. Market steady.

THE MONEY MARKET

has not yet been affected by the new order of things; and, in fact, it could hardly be influenced so soon. But its conditions are in all respects favorable to a general and speedy recovery in trade. There has been a more free movement of currency to the West, to move the wheat crop, which is coming forward rapidly; yet the surplus here was so large, as well as at other centers, that it has not been missed, nor has it had any effect on rates, either for call or time loans. These facts are reflected in the abstract of the condition of the 3,767 National banks of the United States, which has lately been compiled in the office of the Comp-

troller of the Currency. It shows that on July 18 the loans and discounts amounted to \$1,934,000,000, an increase over the call of May 4 last of \$20,000,000; stock, securities, etc., \$191,000,000, an increase of \$6,000,000; due from reserve agents, \$258,000,000, a gain of nearly \$1,000,000; lawful money reserve, \$439,000,000, a decrease of \$13,000,000; capital stock paid in, \$671,000,000, a decrease of \$4,000,000; surplus fund, \$245,725,000, a decrease of nearly \$1,000,000; dividends unpaid, \$2,586,000, an increase of \$300,000; individual deposits, \$1,678,000,000, an increase of \$8,000,000; and bills payable, \$9,999,000, an increase of \$700,000.

The gold holdings of the banks, as compared with the call of May 4, are:

	July 18.	May 4.
Gold coin.....	\$125,057,000	\$128,180,000
Gold Treasury certificates.....	40,560,000	41,928,000
Gold Clearing House certificates.....	34,023,000	34,721,000

A similar state of affairs seems to exist on the other side of the Atlantic. The last return of the Bank of England made another record. The reserve is now over £31,250,000; the proportion of cash to liabilities is 70¼ per cent.; the coin and bullion increased £289,000. The London stock market, however, is more active for Americans since the new tariff law. But the feature is a big rise in Brazils. All South Americans are strong. The public are buying and general confidence has increased. It is believed that cheap money will continue for a long period, as trade in Europe revives very slowly, if at all.

THE STOCK MARKET

has been more active since the tariff war ended and the deadly legislative blockade was lifted. It has been a healthy activity in which railway shares and bonds have been the leading feature, while the late abnormally active "industrial" stocks are beginning to retire from their recent unhealthy and scandalous prominence. They broke badly, however, led by sugar, on the realizing of the belated outsiders, who waited for the tariff to go into effect, instead of discounting it, as Wall street professionals always do. The most important and healthy change, however, has been that in the disposition of Europe towards Americans, of which it has turned from a steady seller, for the past year, to a heavy buyer, since the passage of the tariff. Following this sudden and unexpected change, which has taken our market out of the professional speculator's hands, has come a sharp break in sterling exchange to a point that ends all near prospect of further gold exports, although already too low for that, since early in the month. Hence the tariff has rid us of another business scarecrow; and, it seems as if the last one is now demolished.

At the same time the crop liars, whose predictions of short

grain crops have been sent over the country persistently for months, until people believed them, have been confounded by the most enormous yield of wheat to the acre, ever raised in this country, 25 to 40 bushels per acre being the general range for winter, while the spring crop is now coming in the same way. As the farmers say, two crops in one. Indications now are that their latest crop predictions, on the latest crop—corn, will prove equally false; and, that instead of a lean year for the corn, or Granger railroads, they will have a good year. This is also an important new element on the bull side of the stock market. Should therefore foreign buying continue on the present scale, or even half of it, we are likely to see a higher level for railway shares, if not a speculative boom. But while this is possible in stocks we are more than likely to see

BEAR MARKETS FOR AGRICULTURAL PRODUCTS,

as other grain-producing countries have also larger crops of wheat, or good prospects for the next. Yet, as before stated, our farmers can compete under the new tariff, more successfully with these other countries, hereafter, than formerly; and low prices may not necessarily mean loss to the farmer and bad business in the agricultural sections, such as has been the last few years; because, under a high tariff our farmers could not compete in the markets of the world with Free Trade countries. In fact, farmers have not had any worse times, the past year, than other kinds of business; and, with the exception of wheat, wool and live stock, their products have been bringing good prices. the past year, and even their hogs. Low prices, therefore, no longer mean ruin to the farmers of this country; and there is no reason why they shall not join in the general business recovery that now awaits us. In fact, with this year's enormous yields, they may lead the procession. But the bull speculators in their products are liable to have a harder road to travel than the "poor farmer," if they do not recognize the logic of the new situation and understand that reduced tariff rates are not a bull argument, as they reduce the cost of production and cheapen products. That is what this long tariff struggle has been for; and we shall never see old time prices in this country, or in the world's markets for agricultural products except in famine years. Hence the persistent and consistent efforts of the Agricultural Department of the Government to fool the trade and consumers alike, by such gross underestimates of our crops is a curse to the country, and brings the Government not only into discredit, at home and abroad, but actually robs everybody from the farmer to the consumer. False reports are worse than no reports at all, on the crops; and, there has not been a true

nor even approximately true Government report, issued on any of our speculative crops in years.

REFORM OR ABOLISH THE GOVERNMENT CROP BUREAU.

In former issues, the gross underestimates of the wheat crop, by the Agricultural Bureau, have been commented upon somewhat severely. But those criticisms were mild, compared with what that Bureau has deserved in regard to its reports on the present crop. Winter wheat was shown in our last number to be the most abundant in yield per acre for years, in face of the last Government estimate of a condition of 82 per cent., or 18 per cent. less than an average. Since then the spring wheat crop has turned out equally good, with prospects of a total crop, on best authorities, headed by the Cincinnati *Price Current*, of over 500 million bushels, against but little over 380 million bushels by the August Government report. This is over 120 million bushels out of the way, on the present out-turn from the threshing machines. Last crop is now admitted to have been underestimated by this Bureau from 75 to 100 million bushels; and on this, more money was lost, in bulling wheat, at the lowest prices on record, than on any crop in the history of the trade.

The experience of last year is being repeated on this crop, by the bulls, who refuse to look upon 55c. to 60c. wheat in Chicago and New York, as a permanent thing. It may be that the Bureau is working with the farmers to fool everybody else, on the idea that this is what an agricultural department is for. Certainly, the farmers did not believe its report last year, or, at least, did not act upon it. For, in face of its short estimate, they did not stop selling, even at the decline, until they had swamped the bull speculators who bought their wheat. They are doing the same this year. In view of such a chronic state of incompetency, or dishonesty, in such an important department of the Government as the Crop Bureau, it should be investigated by the next Congress, and its methods reformed or its existence abolished. As it now exists, and has existed, for nearly five years past, it would be more properly called "The Crop Liars' Bureau."

THE IRON TRADE,

which is, next to Wall Street, regarded as the best index to the general business prospects of the country, is already looking up, on a better inquiry from the railroads, for rolling stock, to move the crops, since they have been convinced they were not "ruined." The rolling stock of the whole railway system of the country has been growing less and less for two years or more; with decreasing business and poor crops; while its wholesale destruction by the late strike, has left many roads actually crippled, if a big movement of general traffic, as well as crops should set in, as

now appears likely, from the great increase of buyers of all classes of goods, in this city, the last week of the month. With such an impetus, from such a source as the railroads, the iron trade will soon be on its feet again; the activity in one branch will extend to all; and, before we know it, buyers will be competing with each other instead of sellers, as for several years past. The next thing will then be, a hardening of prices. Indeed, this has already set in, in some branches of this trade, as well as in most others. It will not be long before the croakers will all come out of their holes, and go to work; and, we shall bid good-by to hard times before another year rolls around, if not before snow flies.

H. A. PIERCE.

FINANCIAL FACTS AND OPINIONS.

Gold Held by National Banks.—The amount of gold held by the National banks of the United States, by States; is shown in the abstract of the returns just completely compiled in the office of the Comptroller of the Currency. New York State National Banks alone have \$25,000,000 more gold than the gold reserve in the Treasury. The returns are of July last, and they make a very favorable showing:

New York.....	\$80,104,000	Tennessee.....	\$750,000
Illinois.....	26,406,000	Rhode Island.....	713,000
Pennsylvania.....	21,296,000	Louisiana.....	600,000
Massachusetts.....	11,915,000	Utah.....	542,000
Ohio.....	6,815,000	Vermont.....	499,000
Minnesota.....	4,530,000	Virginia.....	489,000
Wisconsin.....	3,824,000	West Virginia.....	427,000
Indiana.....	3,743,000	Alabama.....	414,000
California.....	3,727,000	New Hampshire.....	358,000
Missouri.....	3,616,000	Georgia.....	315,000
Colorado.....	2,896,000	South Dakota.....	312,000
Michigan.....	2,723,000	North Carolina.....	283,000
Maryland.....	2,492,000	Idaho.....	240,000
Nebraska.....	2,469,000	North Dakota.....	208,000
Connecticut.....	2,305,000	Wyoming.....	199,000
Iowa.....	2,020,000	Delaware.....	172,000
New Jersey.....	1,944,000	South Carolina.....	140,000
Texas.....	1,853,000	New Mexico.....	124,000
Oregon.....	1,500,000	Arizona.....	121,000
District of Columbia.....	1,212,000	Arkansas.....	91,000
Kansas.....	1,207,000	Florida.....	90,000
Kentucky.....	1,037,000	Mississippi.....	46,000
Washington.....	1,051,000	Oklahoma.....	45,000
Montana.....	907,000	Indian Territory.....	36,000
Maine.....	901,000	Nevada.....	31,000

The State of New York is credited with \$80,104,000, but the National banks of this city held almost exactly that amount by the statement of August 25. The National banks of the four States of New York, Massachusetts, Pennsylvania and Illinois held on July 1, in round numbers, \$140,000,000 in gold. Those of Ohio had \$6,815,000; no other State had so much as \$5,000,000. But the total for the banks of the four States named is two and a half times the reserve of the National Treasury.

Condition of National Banks.—The reports of condition of National banks on July 18 received at the Treasury Department from all the Eastern States show a more rapid recuperation from the effects of the panic of last summer than those in the West and South, and this condition is especially marked in the great commercial centers of New York and Boston. The recovery has been a little less complete in Philadelphia, although much more rapid there than in the country districts. Discounts in these three cities have increased in round numbers from October 3, 1893, the date of the report covering the greatest depression, to July 18, \$81,000,000, or about 16 per cent. of the discounts on the earlier date. This is more than the net gain in all the Eastern States, including New England, New York, New Jersey, Pennsylvania and Maryland, the gains in the big cities being offset by losses in the country districts of New York, Pennsylvania, New Jersey and Maryland. The northern tier of New England States, somewhat removed from active commercial movements, show but trifling changes, while Connecticut and Rhode Island show gains since the period of extreme depression. The figures of the loans and discounts are not a measure of the healthfulness of business conditions at the height of a panic, because the policy of expanding credit to tide over the crisis is now employed by the great city banks; but the state of discounts on October 3, four months after the panic broke out, may fairly be taken as an indication of the reduced volume of business due to disturbed conditions. The following table gives the loans and discounts of the National banks by States and leading cities on three dates before the breaking out of the crisis, at the period of extreme depression and at the date of the last call by the Comptroller. The figures by States in every case cover only banks outside the cities specially named, and do not include the figures for those cities:

LOANS AND DISCOUNTS.

<i>States.</i>	<i>May 4, 1893.</i>	<i>Oct. 3, 1893.</i>	<i>July 18, 1894.</i>
Massachusetts.....	\$113,712,442	\$102,385,129	\$103,177,869
Boston.....	142,975,248	136,798,614	150,791,030
Connecticut.....	50,880,257	43,869,640	44,760,361
Rhode Island.....	37,150,849	34,001,268	34,962,319
Maine.....	22,633,020	21,342,098	20,896,369
New Hampshire.....	12,250,523	10,918,692	10,861,702
Vermont.....	14,845,905	13,354,330	12,317,387
New York.....	112,910,287	97,175,294	95,869,331
New York City.....	307,372,242	281,320,466	344,417,428
Albany.....	8,485,499	7,743,959	7,402,615
Brooklyn.....	10,629,843	9,149,755	9,168,217
Pennsylvania.....	118,400,125	106,712,525	101,184,214
Philadelphia.....	96,655,812	90,718,006	94,557,371
Pittsburgh.....	41,561,952	35,966,478	38,611,077
New Jersey.....	54,550,825	47,341,415	46,758,035
Maryland.....	10,550,613	10,186,980	9,935,737
Baltimore.....	32,780,822	30,202,291	31,231,007
Total.....	\$1,188,346,164	\$1,079,146,940	\$1,156,912,569

These figures show a loss of over \$100,000,000 in the volume of paper discounted between the two earlier dates, and a recovery of \$77,000,000 from October 3 last to July 18. The figures of individual deposits are more favorable, from the superficial point of view, that large deposits indicate favorable conditions. There was a loss of \$110,000,000 from May 4 to October 3, and there has been a gain of \$150,000,000 from October 3 to July 18. The actual state of the case—the accumulation of idle money—is too well known in New York and Boston to call for discussion. The excess of deposits on July 18, 1894, over May 4, 1893, is \$42,000,000. New York shows an excess of \$26,500,000, Boston \$12,000,000, Philadelphia \$8,000,000, and Baltimore \$3,000,000. This accumulation of idle capital in the money centers is offset by a loss of \$6,000,000 in New York State, \$13,000,000 in Pennsylvania, and about \$1,000,000 each in New Jersey and Maryland. The northern tier of New England States show gains, but hardly so large in gross as those of Massachusetts outside of Boston, Connecticut, and Rhode Island. The following table shows the state of the individual deposits by States and leading cities on three different dates, with the same qualification as in the other case—that the totals for the States are for the banks outside the cities specifically named, and do not include the totals for those cities:

INDIVIDUAL DEPOSITS.

<i>States.</i>	<i>May 4, 1893.</i>	<i>Oct. 3, 1893.</i>	<i>July 18, 1894.</i>
Massachusetts	\$72,976,727	\$65,918,322	\$77,981,754
Boston	98,125,482	90,245,302	110,251,428
Connecticut	33,775,577	28,675,409	34,962,478
Rhode Island	17,718,694	16,780,164	19,054,461
Maine	12,270,392	12,889,665	14,207,478
New Hampshire	7,642,477	7,930,699	8,621,688
Vermont	8,330,424	7,956,147	8,583,687
New York	98,260,570	86,523,641	91,976,032
New York City	286,985,310	249,606,107	313,415,767
Brooklyn	13,589,793	12,647,531	14,751,528
Albany	6,424,775	6,497,430	6,416,968
Pennsylvania	113,772,281	99,037,665	100,190,860
Philadelphia	95,489,471	84,688,009	103,660,131
Pittsburgh	34,381,954	29,049,573	34,252,938
New Jersey	51,761,098	47,375,320	50,224,117
Maryland	9,623,598	9,602,618	8,841,780
Baltimore	23,298,972	20,951,266	26,272,925
Total	\$984,627,595	\$874,374,867	\$1,026,646,020

State Tax on Bank Notes.—The President has approved the act to subject to State taxation National bank notes and United States Treasury notes.

Illinois State Banks.—The tabulation of reports of the State banks of Illinois, showing their condition on the morning of August 8, has just been completed by the Auditor of Public Accounts. There are 125 State banks now operating in the State. The total resources are \$120,819,002.94, as against \$118,202,394.97 on May 17, when the last call

was made. Loans and discounts have increased \$4,000,000.00 and savings deposits \$2,400,000.00. Other deposits remain about the same. Compared with a year ago, the period of greatest depression, deposits have increased \$19,000,000.00. Deposits on August 8 aggregated \$93,364,809.46, to meet which the banks held an average cash reserve of 40 per cent. The following is a summary of resources and liabilities:

RESOURCES.		LIABILITIES.	
Loans and discounts.....	\$71,069,815 22	Capital stock paid in.....	\$17,977,100 00
Overdrafts.....	225,814 14	Surplus fund.....	5,951,850 00
United States bonds.....	50,297 62	Undivided profits.....	3,289,805 98
Other bonds and stocks.....	10,987,753 78	Dividends unpaid.....	6,087 50
Cash on hand.....	14,978,804 68	Savings deposits subject to notice.....	24,601,251 07
Due from other banks.....	20,104,676 65	Individual deposits subject to check.....	48,959,399 13
Banking House.....	427,840 03	Demand certificates of deposit.....	3,538,586 11
Other real estate.....	354,973 15	Time certificates of deposit.....	7,362,719 57
Furniture and fixtures.....	278,421 55	Certified checks.....	537,894 31
Current expenses.....	135,249 60	Cashiers' checks outstanding.....	921,441 09
Checks and other cash items.....	2,102,260 15	Due to other banks.....	7,443,518 18
Collections.....	103,096 37	Bills payable.....	229,350 00
Total.....	\$120,819,002 94	Total.....	\$120,819,002 94

What Bank Clearances Indicate.—The *Journal of Commerce and Commercial Bulletin* editorially comments thus upon the following comparison of bank clearings:

To understand the significance of the current increase in Clearing House transactions throughout the country as a symptom of business revival, it is necessary to carry the comparisons back further than a single year. The following table shows the total clearings of the entire country, and of the Clearing Houses outside of New York, as compiled by the *Financial Chronicle*, for the first half of each of the past five years:

	Total, all.	Outside New York.
Six months, 1894.....	\$22,267,000,000	\$10,318,000,000
" " 1893.....	31,333,000,000	12,966,000,000
" " 1892.....	31,324,000,000	12,414,000,000
" " 1891.....	27,033,000,000	10,978,000,000
" " 1890.....	30,151,000,000	11,361,000,000

It will be seen that New York's share of the total transactions has never been so small; that the clearings of other cities have risen from not much more than one-third of the total to not much less than one-half, and in July and August this relative increase outside of New York has been still greater, as will be seen by the following:

	Total, all.	Outside New York.
July, 1894.....	\$3,514,000,000	\$1,671,000,000
July, 1893.....	4,169,000,000	1,776,000,000
August (3 weeks), 1894.....	2,237,000,000	1,087,000,000
August (3 weeks), 1893.....	2,321,000,000	956,000,000

While the decrease in total clearings for July was still considerable, the decrease outside of New York was slight, and for the first three weeks of August the total, including New York, shows a decrease, while excluding this city, it shows an increase over last year. These figures

show not only a decline in New York's share of the total transactions as compared with the period of panic, but also as compared with earlier dates and times of normal conditions; and this means a correspondingly favorable comparison for the Clearing Houses throughout the country where the record of transactions is less influenced by speculation and is a more accurate measure of the volume of actual business. As we have heretofore explained, the reduction in New York's clearings has arisen almost entirely in the speculative transactions on the Stock Exchange; and that decline has been due not alone nor chiefly to a curtailment of speculation, but to the method, recently introduced, of settling stock operations through the Stock Clearing House, instead of through checks covering each transaction. Could a comparison be made that omitted stock speculation from the account, it is doubtful whether the course of clearings in this city would vary materially from those of outside cities.

The Most Important Changes in the Tariff.—The following are some of the most important changes in the new tariff compared with the old; and the average reduction is greater than that proposed by the Mills bill about eight years ago:

<i>Articles.</i>	<i>Old rate.</i>	<i>New rate.</i>
Borax.....	5c. per lb.	2c. per lb.
Coal-tar dyes.....	35 p. c.	25 p. c.
Castor oil.....	80c. per gal.	35c. per gal.
Linseed oil.....	32c. per gal.	20c. per gal.
White lead.....	3c. per lb.	1½c. per lb.
Sulphuric acid.....	¼c. per lb.	free.
Sulphate of iron.....	3-10c. per lb.	free.
Indigo extracts.....	¼c. per lb.	free.
Chinaware, decorated.....	60 p. c.	35 p. c.
Chinaware, plain.....	55 p. c.	30 p. c.
Brown earthenware.....	25 p. c.	20 p. c.
Glassware.....	60 p. c.	40 p. c.
Window glass, 10x15.....	13½c. per lb.	1c. per lb.
Window glass, 16x24.....	23½c. per lb.	13½c. per lb.
Window glass, 24x30.....	27½c. per lb.	2c. per lb.
Iron ore.....	75c. per ton.	40c. per ton.
Pig iron.....	\$6.72 per ton.	\$4 per ton.
Structural iron.....	9-10c. per lb.	6-10c. per lb.
Steel rails.....	\$13.44 per ton.	\$7.84 per ton.
Tin plates.....	2 2-10c. per lb.	1 1-5c. per lb.
Pig lead.....	2c. per lb.	1c. per lb.
Lead in silver ore.....	1½c. per lb.	¾c. per lb.
Copper.....	1c. per lb.	free.
Type metal.....	1½c. per lb.	¾c. per lb.
Lumber.....	\$1.50 per m.	free.
Timber.....	10 p. c.	free.
Furniture.....	35 p. c.	25 p. c.
Staves.....	10 p. c.	free.
Sugar, raw.....	free.	40 p. c.
Sugar, refined.....	¼c.	¾c. & 40 p. c.
Cigar wrappers, not stemmed.....	\$2 per lb.	\$1.50 per lb.
Cigar wrappers, stemmed.....	\$2.75 per lb.	\$2.25 per lb.
Fresh fish.....	¾c. per lb.	free.
Cotton cloth, plain.....	2c. per sq. yd.	1c. per yd.
Cotton cloth, colored.....	4c. per sq. yd.	2c. per yd.

In addition, wool is put on the free list, and woollen goods reduced from an average rate of nearly 100 per cent. to 40 per cent.; soft coal is reduced from 75 cents a ton to 40 cents; and flax, hemp, jute and salt are put on the free list.

How Largely Credits are Used for Cash.—The Washington correspondent of the *Journal of Commerce and Commercial Bulletin* says :

Comptroller Eckels has followed up his recent inquiry of the National banks as to the character of the deposits of tradesmen, by another inquiry directed to the size of general deposit accounts in all the National banks, in order to ascertain according to a new method how largely credit instruments are in use, instead of actual cash and paper money, among people of small means. The method heretofore has been, and the method pursued by Comptroller Knox in 1881, to have a report of the character of deposits on a given day. The question was asked, what proportion of these deposits were in gold or silver coin, what proportion in United States notes or bank bills, and what proportion in checks and other instruments of credit. The result proved that about 98 per cent. of the transactions through the New York National banks were by means of checks, about 93 per cent. in the other great cities were by means of checks and about 81 per cent. in the country banks. The annual report of Comptroller Knox which presented these figures called attention to the fact that a large proportion of the dealings through the New York banks were the result of speculation on the Stock Exchange, and that the proportion of cash in *bona fide* commercial transactions would probably be slightly greater than it was in the aggregate of all transactions.

These previous inquiries have been directed simply to the use of credit instruments by people who use the banks. Comptroller Eckels proposes to go to the root of the broader question—how generally the banks are used, and especially whether they are used by people of small means. The Comptroller is especially interested as to what the results will be in the banks of the smaller cities and country towns. He expects the returns from the city banks to show the general use of the National banking system by small tradesmen and others who have to conduct monetary transactions. Whether the country banks are availed of to the same extent is a problem which has never been answered statistically from so wide a basis of facts as he hopes to have at command when the replies to his circular are received. He has asked the banks in making their returns, as a matter of convenience, to give the population of the towns in which they are located. He will have the results computed by towns and States and will be able to make some interesting comparisons regarding different communities and different sections of the country in his annual report.

This inquiry, taken in connection with that as to the forms of money deposited by retail tradesmen, may afford some strong arguments to the advocates of the wider extension of the banking system. If the situation in the United States corresponds to that which has been observed in France and Scotland, the returns will indicate the use of credit instruments and of banking facilities in pretty close ratio to the wealth and prosperity of the sections where the banks are located. From this point of view, the figures may afford a valuable arsenal to the advocates of a banking currency, by demonstrating how banks of issue have paved the way for deposit banking and how the sections in which deposit banking has given transferability to capital have outstripped their sister sections of the country.

Quarterly Reports of New York Railroads.—The report of the Manhattan Elevated Railroad Company, of New York City, to the Railroad Commissioners of this State, for the quarter ended June 30 last, shows

gross earnings from operation, \$2,485,665; operating expenses, \$1,440,120; net earnings, \$1,045,544; other income, \$204,177; gross income, \$1,249,722; fixed charges, \$656,418; net income, \$593,303; cash on hand, \$346,956; profit and loss (surplus), \$5,623,197. The net income for the same quarter last year was \$779,834.

The following roads, embraced in the Delaware and Hudson Canal Company's system, report as follows to the State Railroad Commission for the quarter ended June 30 last: The Rensselaer and Saratoga Railroad Company: Gross earnings from operation, \$536,464; operating expenses, \$384,201; net earnings, \$152,263; fixed charges, \$304,688; net deficit for the quarter, \$152,425. The net deficit for the same quarter last year was \$117,870. The New York and Canada Railroad Company reports gross earnings from operation, \$200,807; operating expenses, \$200,678; net earnings, \$129; fixed charges, \$77,526; net deficit for the quarter, \$77,397. The net deficit for the same quarter last year was \$80,375.

The Albany and Susquehanna and Lackawanna and Susquehanna Railroads report gross earnings from operation, \$1,015,883; operating expenses, \$597,918; net earnings, \$417,965; fixed charges, \$288,261; net income, \$129,704. The net income for the same quarter last year was \$186,758.

The Adirondack Railroad Company reports gross earnings from operation, \$38,325; operating expenses, \$36,434; net earnings, \$1,890; fixed charges, \$13,609; net deficit for the quarter, \$11,718; cash on hand, \$8,532; profit and loss (deficiency), \$536,376. The net deficit for the same quarter last year was \$4,364.

Railway Managers, as well as Employes, must be made to obey the Interstate Law.—The Springfield (Mass.) *Republican* prints the following very just and timely editorial:

It is a matter of the first public importance that the men responsible for the doctoring of the accounts of the Atchison Railroad and the payment of rebates in violation of the law shall be made to smart for their acts. We do not see why action for damages does not properly lie against the management on the part of security holders for misrepresentation and fraud, and why the woman stockholder who has brought suit against ex-President Reinhart on this ground does not have a good case. And the matter should not be allowed to rest here. The managers have been guilty apparently of violation of the interstate law in putting fortunes into the pockets of some shippers by means of secret discriminations and rebates, at the expense of other shippers. They should suffer for this as ordinary lawbreakers.

We have got to have a radical reform in railway management in this country. We have tolerated too long the tricks of managers by which security holders are cheated on one side, and on the other great individual fortunes are built up by discriminating rates against small shippers in favor of larger ones, and by dishonest speculation on the part of those in the secrets and the control of the roads. The idea must be stamped out that railroads are private affairs and the proper means of private plunder. Its acceptance as sound by a considerable body of opinion, and its application through the years in which our wonderful railway system has grown up, has been more the cause of that gross inequality and injustice in the distribution of wealth which is now breeding social revolution, than almost all other imperfections of the existing industrial organism put together.

There must be a stop put to these evil practices, and public opinion is in a temper to support very emphatic measures. The way to begin is to take a conspicuous case like this of the Atchison management and make a terrifying example of it. Let the federal authorities, then, proceed against these railway wreckers as promptly and summarily as they did against the Debs wreckers. And then security holders should join with other people in demanding that railway accounts be brought into the light and kept there, and made uniform and simple, so that experts shall not be needed to interpret them or pick out the juggleries by which a dishonest and speculative management covers up its tracks. This is the way to go about suppressing revolutionary social doctrines—destroy the legitimate causes. There is no other way.

Bad Outlook for the Corn Roads.—The *Evening Post's* Chicago railway correspondent writes thus of the outlook for the corn roads:

Business with the railroads centering here the last week was up to the recent average in flour, wheat and oats, and compares favorably with former years; but the movement of corn, although slightly better, is still below any preceding year at this season. Aside from the corn handled by the Illinois roads, there is little doing, as Illinois is the only State with any surplus corn to speak of. The aggregate grain receipts were 5,795,000 bushels, against 4,883,000 bushels the previous year, 6,294,000 bushels in 1892, and 8,058,000 bushels in 1891. In the last-named year arrivals of corn were 2,838,000 bushels, against 882,000 bushels this year. In the drought of 1890 the receipts were 1,442,000 bushels, and the price of corn was 4c. higher than at present.

Elevator men who have been through Nebraska within a week say that the prospects for any corn moving east of the Missouri river are very discouraging, and they regard the situation as the poorest for years. A new feature is now confronting the railroads. It is the making of rates on grain and feed from here to the West. Liberal shipments of low-grade wheat and some rye have been made to some points for feed. The rates on these shipments, it is claimed, are at one-half the usual tariff. The roads are forced to make these rates to help the unfortunate farmers out, as the prosperity of the one depends entirely upon that of the other.

But since the above was written, there has been a decided improvement in corn crop prospects.

Effects of the Fall River and New Bedford Strikes and the New Tariff on the Cotton Goods Trade.—The *Post*, in its weekly review of the dry goods trade, says:

Operations on a more extended scale characterized the markets for general dry goods to-day. The interest manifested by solid package purchasers was greater, as they are anxious to get the first selection of new assortments for immediate shipment, and then place orders for duplicate assortments. The results last week were entirely satisfactory, and merchants count on a more liberal spot demand this week. The only difficulty met with is the slow mill deliveries, which naturally restrict the volume of trade to the stocks in hand, and they are pretty much broken up and low.

The curtailment of the output of staple and fancy cottons is a source of considerable worry, and inquiry finds a scarcity of many lines,

although the leading makes are in good supply. The solid package demand will within a short time consume these, and it may prove imperative to seek duplicate assortments later, and this fact has infused life into the mills not affected by the mill managers' pledge or agreement. Advices from all sections are to the effect that trade has taken a sudden turn for the better, and, as supplies are limited, prices have advanced. A large number of buyers are booked to arrive this week, but the arrivals next week, according to road salesmen, will be the largest this season. The improvement in retail demand is more marked by large interior and distant markets, where trade has been and is exceptionally large and healthy.

A Remedy for Such Scandals as the Atchison.—In discussing the late Atchison betrayal of trust by its chief officers, the *Times* of this city says editorially:

The only real and complete remedy lies in the hands of the Stock Exchange of this city, because it is absolutely within the power of that body to prevent any corporation not known to be honest and accurate in its financial statements from obtaining money on its securities. The strongest corporation in the United States could not float a loan if the Exchange should officially declare that its accounts were not in a satisfactory condition. The Exchange is not only the greatest market in the world for American securities, but it is an indispensable market. If it should organize a department of inspection and audit, and require that every corporation whose securities were listed should submit its books to the scrutiny of such a department, and that its securities should not be dealt in if the report of the department, duly authenticated, declared the accounts to be defective or deceptive, complete and honest bookkeeping would immediately be the price of actual existence. Nor is this system in any way impracticable. The Exchange has a stainless reputation for scrupulous honor in the conduct of its own business—a reputation sustained by severe and minute regulation of its members in matters of common concern. It could command the services of perfectly trustworthy experts entirely competent for this task. That task would be very simple. It would not involve any verdict on the policy or operations of the railway companies. It would be to ascertain whether the books of the company were accurately and completely kept, and whether the statements based on the books were sustained by them. The art of the accountant, though one of extreme delicacy and skill, is in no sense obscure or mysterious. It is perfectly understood and practiced by a large body of trained men. Its principles are clearly defined, firmly established and universally recognized. The Exchange experts would have no difficulty in securing entire confidence in their reports.

The policy we urge is not only honorable and practicable, it is urgent and indispensable. The business of the Exchange is dealing in securities. Unless the securities of American railways can be thoroughly winnowed and the bad be clearly separated from the good, dealing in them will be greatly circumscribed. It is the dictate of intelligent selfishness that bids the Exchange take up this work immediately.

It is because it has not before performed this duty to the public, that the latter has largely ceased to deal in its securities.

SOME LEGAL PRINCIPLES RELATING TO CHECKS AND DEPOSITS.

A check, like every other instrument, must be properly signed; and the addition of the letters "Fr," for example, to a drawer's signature do not qualify his direct and personal liability. In legal contemplation, they are meaningless hieroglyphics (*Barclay v. Pursley*, 110 Pa. 13) and the burden of disproving their legal effect by parol evidence rests on the drawer. Of course, the holder has the right to rebut the proof, whatever it may be, by other proof of the same character. (*Ib.*) Evidence to show that a person agreed to take a check in a transaction, signed by the other's agent in his own name with the letters "Fr" following, as the personal check of the agent, is not within the rule rejecting parol evidence contradictory of a written instrument. (*Ib.**)

A check is not evidence of a debt or a loan of money. The law presumes that a check is given in payment of a debt, or for cash (*Fleming v. McClain*, 14 Pa. 178; *Mosser v. Bowen*, 29 Pa. 128; *Baughner v. Conn*, 1 Pa. C. C. 184; *Lancaster Bank v. Woodward*, 18 Pa. 361; *Patton v. Ash*, 7 Pa. 125; *Baker v. Williamson*, 4 Pa. 461; *Gettysburg Nat. Bank v. Kuhns*, 62 Pa. 88; *Lowry v. Robinson*, 151 Pa. 189†), and is *prima facie* evidence of the fact (*Huntzinger v. Jones*, 60 Pa. 170; *Phillips v. Monges*, 4 Wh. 226. See *Richmond Granite Co. v. Kelly*, 2 W. N. 396) whenever the drawer had funds in the drawee's possession to pay the same. (*Harrisburg Bank v. Forster*, 8 W. 304‡) The proof of the payment of a check to the payee or holder raises no presumption that the money was an advance by the drawer, or was received for his use. (*Gettysburg Nat. Bank v. Kuhns*, 62 Pa. 88.)

*A person is not individually liable on a check drawn by him as "chairman" of a political committee; the action must be against all the parties liable. *Markley v. Wuay*, 8 W. N. 145.

†Party claiming that it was not thus received must produce such proof of the account on which it was paid as will change this presumption. *Mosser v. Bowen*, 29 Pa. 128.

‡The agents of a saving institution were directed to sell coin belonging to it, and to deposit the proceeds in B. bank to the credit of A. bank. Instead of depositing the proceeds, they deposited their own check and gave notice to A. bank of the deposit in money in B. bank from the sale of the coin. The check was not good. It was held that neither A. nor B. bank was bound by the credit. The check was not money, and the agents had no right¹ to substitute it therefor. Nothing but an actual and *bona fide* deposit of money to the credit of the B. bank could render it responsible. The savings institution therefore was as clearly liable for the misconduct of its agents as though it had deposited the worthless check. *Dimes Sav. Institution v. Allentown Bank*, 65 Pa. 116.

When the individual or corporate check of a third party is taken by a creditor from his debtor for a pre-existing debt, the law presumes that it is accepted as a conditional payment and not as a satisfaction of the debt (*Briggs v. Holmes*, 118 Pa. 283; *Holmes v. Briggs*, 131 Pa. 233; *League v. Waring & Co.*, 85 Pa. 244; *Shepherd v. Busch*, 154 Pa. 149; *Hackett v. Exchange Bank*, 36 Pitts. L. J. 40), and this presumption can be overthrown only by clearly showing that they were uniformly accepted as cash (*Ib.*), or that an agreement existed to receive them as unconditional payment. (*McIntyre v. Kennedy*, 29 Pa. 448. In *Harrar v. Croney*, 13 Pa. C. C. 193, 197, Judge Arnold says: "A check or note, like a sum of money given for a debt, is a payment and, when accepted, it extinguishes the debt for which it was given." This hardly accords with the rule as generally declared; a check is nothing more than conditional payment and if it is not paid recourse can be had to the original debt.) The debt, however, will be discharged should the holder neglect to present the check within a reasonable time, whereby the drawer has lost his money. Says Mr. Justice Woodward: "The holder assumes the duty of presenting the check and demanding payment within a reasonable time, and if he neglect to do so and the banker fails after the time it ought to have been presented, the loss is to be borne by the holder, not by reason of the receipt of the check, but of his negligence which has occasioned the loss." (*Ib.* 450.)

A check payable to A., or bearer, is not evidence of a payment to A. (*Patton's Adm. v. Ash*, 7 S. & R. 116), unless it is credited to A. on the books of the bank. (*Henry v. Oves*, 4 W. 46.) Nor is the finding of a check among the drawer's papers evidence of payment. (*Patton's Adm. v. Ash*, 7 S. & R. 116.) A paid check drawn by the defendant's wife is evidence of payment in the absence of proof of any other transaction to which it could be applied. (*Murphy v. Richardson*, 33 Pa. 235.) But the plaintiff's receipt for money paid by a third person without any explanation, is not evidence of payment by the defendant. (*Ib.*) A check drawn by the deceased president of a corporation, in favor of a contractor, produced from the archives of the company, is *prima facie* evidence of payment, after a lapse of fifty years. (*Union Canal Co. v. Loyd*, 4 W. & S. 393.)

Drafts or checks in favor of banks, and held by them, are presumed to have been received on deposit as cash from their customers, and not deposited for collection merely, without evidence of that fact. (*Gettysburg Nat. Bank v. Kuhns*, 62 Pa. 88.) And if a bank enters a note in the depositor's bank book by mistake, and subsequently erases the entry and brings an action thereon in its own name, and prosecutes the maker and his bail to insolvency, the institution becomes liable therefor to the depositor. (*Wetherill v.*

Bank, 1 Miles 399.) Likewise, if the cashier of a bank procures a check from a depositor by false representations, and charges the same to his account, and then returns the check, but not the money, the depositor may recover the amount from the bank. (*Wood v. Bank*, 6 Montg. 31.)

A check on a bank is transferable like a bill of exchange; and the dating of it on a day after its transfer to the holder is no reason in an action by him against the drawer for letting the drawer into a defense of failure of consideration. (*Walker v. Geisse*, 4 Wh. 251.)

A bank on which a check is drawn is under no legal obligation to the holder to pay or to accept, whether the maker's funds are sufficient for this purpose or not; consequently the holder cannot recover from the bank unless it has accepted it (*First Nat. Bank v. Shoemaker*, 117 Pa. 94; *Maginn v. Dollar Sav. Bank*, 131 Pa. 362; *Birchall v. Bank*, 15 W. N. 174; *Saylor v. Bushong*, 12 W. N. 81; *First Nat. Bank v. McMichael*, 106 Pa. 460; *Harrisburg Nat. Bank's Appeal*, 10 W. N. 41; *Furst v. B. & L. Ass'n*, 128 Pa. 191; *Edy's Estate*, 5 Lanc. Law Rec. 389), nor can the drawer himself. (*First Nat. Bank v. Shoemaker*, 117 Pa. 94.) If, therefore, the payee should institute a suit against the bank, the record cannot be amended by substituting the drawer's name for the use of the payee. (*Ib.*) The drawer can recover for the wrong done in dishonoring his check, or sue for the balance of his deposit. (*Ib.*) Indeed, if a bank refuses to pay a depositor's check without legal cause, it is liable in substantial damages to the drawer though no special pecuniary loss is shown. (*Citizens' Nat. Bank v. Alexander*, 120 Pa. 476; *Patterson v. Marine Nat. Bank*, 130 Pa. 419.) And if a deposit is received from a minor, his checks must be honored. If his father claims the deposit, the bank can only claim the rights of a stockholder, or pay. (*Bank v. Headley*, 17 W. N. 557.)

If the bank does not pay or accept the check on presentation, it must refuse by the next day. It has no right to keep the check for several days and then refuse payment. (*First National Bank v. McMichael*, 106 Pa. 460; *Saylor v. Bushong*, 100 Pa. 23.)

What, then, is an express or implied acceptance? If a depositor should settle his account and leave enough to pay an outstanding check, this would be an implied acceptance (*Saylor v. Bushong*, 100 Pa. 23); so would be a charge for the amount of a check to the drawer's account, like that for a certified check. (*Seventh Nat. Bank v. Cook*, 73 Pa. 483.)

A drawer may stop the payment of his check. This is usually done by giving a notice to the bank on which the check is drawn. After receiving such a notice it can only pay at its

peril. (*German Nat. Bank v. Farmers' Deposit Nat. Bank*, 118 Pa. 294, 313.)

A check drawn in the ordinary form transfers no title to the general funds of the drawer in the bank on which it is drawn (*Loyd v. McCaffrey*, 46 Pa. 410; *First Nat. Bank v. Gish*, 72 Pa. 13; *Hemphill v. Yerkes*, 132 Pa. 545, 553), unless it is drawn for the whole fund in the drawer's name. Then, indeed, it belongs in equity to the payee, and the legal title to the deposit is transferred to him on the delivery of the check (*Hemphill v. Yerkes*, 132 Pa. 545; *Taylor's Estate*, 154 Pa. 183; *Greenfield's Estate*, 24 Pa. 232; *Jermyn v. Moffitt*, 75 Pa. 399; *Loyd v. McCaffrey*, 46 Pa. 410), even against the drawer, and the transfer is binding on the drawee, after he has had notice of it. (*Jermyn v. Moffitt*, 75 Pa. 399.*) But if only a part of the fund is included in the order, it will not have that effect (*Ib.*) unless it is accepted by the drawee. This, however, may be implied from the custom of trade or course of business between the parties. The reason for the rule is, a creditor should not be permitted to split up a single cause of action without the consent of the debtor, thereby subjecting him to new responsibilities. (*Ib.*) The law upholds such an assignment, even if the payee should assign the fund by parol for a valuable consideration, and deliver the check to the assignee before it was attached by the payee's creditors. (*Hemphill v. Yerkes*, 132 Pa. 545.) But if the assignee could hold the fund, the assignment would be a questionable proceeding, especially if the appropriation of the fund was not completed by the payee's presentation of the check or order therefor until after the fund had been attached by a creditor of the drawer. (*Ib.*) Nor would any arrangement between the drawer, drawee and payee to transfer the fund, in the event of a levy of an attachment, defeat it. (*Ib.*†)

In developing the principles relating to the equitable assignment of money, it may be remarked that a deposit by the drawee in a bank to pay a draft on its arrival, is not an equitable assignment

* In *East Lewisburg, etc., Co. v. Marsh*, 91 Pa. 100, Trunkey, J., said: "Anything which shows an intent to assign on one side, and to receive on the other, will operate as an assignment. A draft on a particular fund in the hands of an attorney for collection is an equitable assignment of it. *Nesmith v. Drum*, 8 W. & S. 9. So is an order for part of the proceeds of a note, though not accepted by the trustee for collecting the note. *Caldwell v. Hartuppee*, 20 Smith 74." *Ruple v. Bindley*, 91 Pa. 299.

† A. was an indorser on B.'s note for \$450. She desired him to indorse another for \$2,000, which he agreed to do in consideration of an offset by her of \$450, which the firm of which A. was a member owed to her on account, for the first note which the firm was to pay. This was done. A. indorsed the second note, and his firm paid the first. The amount above mentioned, which the firm owed to her, was regarded as an equitable assignment by her. *Spotts' Estate*, 156 Pa. 281.

of the fund. (*First Nat. Bank v. Higbee*, 109 Pa. 130.) But a draft drawn on a particular fund is an equitable assignment of it even though it has not been accepted. (*Nesmith v. Drum*, 8 W. & S. 9; *Ferran's Estate*, 1 Ash. 319; *Caldwell v. Hartupée*, 70 Pa. 74.) It is difficult to perceive why a different rule should be applied to these cases. Again, a draft on a consignee, which is not accepted, because it exceeds the balance in his hands, does not operate as an assignment of the fund against an attaching creditor. (*Fabars v. Welsh*, 1 Clark 367.) Furthermore, it has been declared, that to render an unaccepted draft an assignment of the fund *pro tanto*, against an attaching creditor, the holder must show a consideration. (*Hyatt v. Prentzell*, 20 Leg. Int. 153.)

A draft by a creditor on his debtor, in favor of a third person, does not operate as a partial assignment of a claim. (*Farmers & Mechanics' Ins. Co. v. Simmons*, 30 Pa. 299; *Bank v. Gish's Assignees*, 72 Pa. 13.) But if the drawee, when presented with an order for part of a fund, says to the payee it is "all right" and retains the order, though not valid as a parol acceptance, it is an assent to an assignment of so much of the fund, and the payee may sue in the name of the drawer to his use. (*Sturdevant v. Roberts*, 5 Kulp 99.) And an order drawn by a contractor on the city, to pay a proportion of the amount due him, with notice thereof to the controller, is an equitable assignment of the fund *pro tanto*. (*Phoenix Iron Co. v. Philadelphia*, 2 W. N. 596, s. c. 33 Leg. Int. 176. See *MacEuen's Estate*, *Ib.* 408.)

When a depositor draws a check on a bank to pay his indebtedness to the institution, it operates as an appropriation of his deposit to the amount of his check from the time of presentment, and the bank cannot refuse to accept it in payment of his debt. (*Laubach v. Leibert*, 87 Pa. 55.)

If a check is left by the holder with a bank on which it is drawn, with the direction to pay the same from the first unappropriated deposit of the drawer, the bank is not liable thereon, if it does not heed the request. (*Johnston v. Parker Sav. Bank*, 101 Pa. 597.) But if a bank receives an indorsed check for a special purpose, it is responsible for an erroneous appropriation of the proceeds. (*Parker v. Hartley*, 91 Pa. 465.)

A check is designed for immediate presentation and not for circulation; the holder, therefore, should present it for payment as soon as he reasonably can, and if he does not, the retention is at his own risk, and if a loss occurs in consequence of his neglect, the check will operate as payment. But delay in presentation does not discharge the drawer unless he has been injured. (*Flemming v. Denny*, 2 Phila. 111.) When it is not paid, he is entitled to notice of non-payment. (*Ib.* *Fegley v. McDonald*, 8 N. 128; *McIntyre v. Kennedy*, 29 Pa. 448, 455; *Kilpatrick v. Home B. &*

L. Assn., 119 Pa. 30.) Two rules have been established for holders. If the holder and drawer live in the same place the holder should present the check on the day it is received, or the following day; and when payable at a different place from that in which it is negotiated, the check should be forwarded by mail on the same or the next succeeding day for presentation. If not thus presented or forwarded, the risk of the solvency of the drawer is assumed by the payee. (*Nat. State Bank v. Weil*, 141 Pa. 457, 460; *Home B. & L. Assn. v. Kilpatrick*, 119 Pa. 30, 140 Pa. 405.*) Thus a mortgager who caused a third person to give his check in settlement of the mortgage, which, in consequence of a non-presentation in due season, was not paid, was regarded as having discharged the mortgage debt. (*Home B. & L. Assn. v. Kilpatrick*, 140 Pa. 405.†) The reason for thus applying a stricter rule to the presentation of a check is that, unlike a bill of exchange, it is generally intended for immediate payment, and not for circulation. If, therefore, the holder keeps it he does so at his own peril, as negotiability is not of its essence, but only an optional quality. (*Nat. State Bank v. Weil*, 141 Pa. 457.)

A check is not considered due until payment is demanded, and in this regard differs from a bill of exchange or promissory note, which is payable on a particular day. Consequently, the receiving of a check a few days after its date from the payee does not, like the receiving of an overdue bill, subject the holder to the objections which might have been raised by the drawer against the payee. (*Walker v. Geisse*, 4 Wh. 256.) A delay of two or three days is not enough to put the receiver on inquiry concerning the consideration for which the check was given (*Ib. Laber v. Steppacher*, 103 Pa. 81‡), nor subject him to equities that may exist between the drawee and payee. (*Laber v. Steppacher*, 103 Pa. 81; *Matthews v. Foederer*, 45 Leg. Int. 174.) But when an overdue check is taken, this is done on the credit of the indorser, and is subject to the equities existing between the original parties. (*Lancaster Bank v. Woodward*, 19 Pa. 357.) Yet a check may be retained so long after its date without presentation as to cast discredit thereon. And when a check is presented for payment in a discredited condition, the drawee bank should not pay it, and if it does the check cannot be charged to the depositor's

* A check which is presented at the payee bank the day after its date is soon enough; and if, between the date and such presentment, the drawee fails, the drawer is not discharged. *Doherty v. Watson*, 29 W. N. 32.

† A payment by check is good, if the bank would have paid the same if presented on the day on which it was received, though the drawer failed before it was presented. *Logan v. Smith*, 8 W. N. 102.

‡ Four days' delay in presenting a check was held not too much. *Piece v. Daniel*, 16 W. N. 35.

account, nor the balance be recovered, if his deposit was insufficient to pay it. (*Ib.**)

The maker, like any other maker of a negotiable instrument, can defend against the payee, and prove a want of consideration, but he cannot against third persons. (*Holme v. Karsper*, 5 Binn. 471; *Belshoover v. Blockstock*, 3 W. 20; *Loyd v. Lynch*, 28 Pa. 424.) And any defense which would be good against the payee of a check is good against his agent, to whom it had been indorsed merely for the purpose of collection. (*Lewisburg Nat. Bank v. Broadhead*, 12 Kulp 68.)

The drawing of a check on a bank in which the drawer has no funds, and uttering it is a fraud, both on the person to whom it is negotiated and on the bank. And it is also a fraud for the holder to present it for payment when he knows that the drawer has no funds to pay it. And if, in such a case, it is passed to the holder's credit and charged to the drawer, this is not payment, and the holder cannot recover the amount from the bank. (*Peterson v. Union Nat. Bank*, 52 Pa. 206.†)

A., who was in fair credit, but actually insolvent, induced B., who was ignorant of his insolvency, to exchange checks with him. B., on depositing A.'s check, discovered that A. had no funds, and called on him to make his check good. This he did by inducing C. to exchange checks with him for a similar amount, and handing his check to B. and receiving back his own; B. then drew the amount of C.'s check. H., however, on depositing A.'s check, discovered that he had no funds. He then tried to recover the amount drawn on his own check by B. but failed, the court declaring that B. had given a valuable consideration for C.'s check, and was, therefore, a holder for value. (*Stedman v. Carstairs*, 97 Pa. 234.)

If payment is refused the holder should protest the check, and notify all parties whom he intends to hold for pay-

* The payee of a check is a competent witness to prove that the check was drawn in the maker's lifetime, in order to enable the payee to collect the money and pay it over to another person, to whom the maker intended to present the money as a gift. *Taylor's Estate*, 154 Pa. 183.

B. drew a check on the bank before his assignment, which was not presented until afterward. It was not regarded as an appropriation to the payee, and the amount passed to B.'s assignees. *First Nat. Bank v. Gish's Assignees*, 72 Pa. 13.

A debtor to a bank for an over-draft transferred stock in payment of the debt, subject to his right of redemption, and was paid the balance. This was regarded as a sale, and the over-draft as a debt taken in payment. *Lanman's Appeal*, 68 Pa. 88.

† If a check, the payment of which has been refused for want of funds, is passed to a vender with the assertion that it is all right, this is a fraud, and the vender can recover on his contract of sale. *Martin v. Pennock*, 2 Pa. 376.

ment. (1 Daniel on Neg. Inst., § 1,600.) For the holder cannot resort to the drawer without proving that due presentment was made to the drawee for payment, and that prompt notice of dishonor was given. If, however, the drawer has no funds in the bank at the time of drawing the check, presentment and notice are excused. If he had funds, the subsequent shifting of the balance will not take the case out of the general rule. (*Cuse v. Morris*, 31 Pa. 100.)*

Checks are frequently certified. By doing this the title to so much of the maker's deposit as is specified therein is transferred to the holder, who thereafter is a depositor, having the same right as any other. (*Girard Bank v. Bank*, 39 Pa. 92.) The holder of such a check should present it promptly for payment, or he must sustain the loss should the bank fail. (*Ackerman v. Dornan*, 2 Leg. Rec. 345.) And if it should pay the amount of a certified check long afterward to the original depositor, supposing that the true owner had disappeared, though requiring a bond of indemnity from the depositor, this would be an acknowledgment that it belongs to the other. (*Girard Bank v. Bank*, 39 Pa. 92.)

A cashier has authority to certify only those checks which are drawn in the usual manner. It would not therefore cover a check containing the stipulation "to hold as collateral for 1,000 P. T. oil pipage paid." (*Dorsey v. Abrams*, 85 Pa. 299.) But when a cashier or other employe of a bank is authorized to certify the checks of drawers having sufficient funds, his transgression of authority will not relieve the bank from responsibility to an innocent holder. (*Hill v. Nation Trust Co.*, 108 Pa. 1.) And his authority to certify may be shown by evidence of a course of dealing between the cashier, the bank and its customers. (*Ib.*)

Certificates of deposit may next be considered. As they are regarded in some States as non-negotiable, they are taken by the transferee subject to all equities between the payee and the bank. (*Humbolt Trust Co.'s Estate* 3 Pa. C. C. 621.) Their legal effect cannot be modified by parol evidence of a contemporaneous agreement that the money might be withdrawn, but without interest, at any time on the return of the certificate. (*Baer's Appeal*, 127 Pa. 360.) Unless the agreement was omitted by fraud, accident or mistake. (*Ib.*†)

A surrendered certificate of deposit is regarded as paid. (*Manuel v. Mississippi R. Co.*, 2 Pa. 198.) It is true that the debt of which

* Under what circumstances a bank, paying a check under mistake as to the account of the drawer, may recover the amount from the party to whom payment is made. *Meredith v. Haines*, 14 W. N. 364.

† A bank is not responsible for an interest-bearing certificate of deposit, issued by its president, in the name of his firm, under circumstances by which the depositor could not have been misled. *Bank v. Williams*, 11 W. N. 347.

the certificate is only evidence has not changed, neither has the right of action on the debt. (*Manuel v. Mississippi R. Co.*, 2 Pa. 198.) The question of negligence in presenting a certificate of deposit to a bank for payment is a mixed question of law and fact. (*Charnley v. Dallas*, 8 W. S. 353.) And if the holder has begun an action thereon he cannot surrender it and take a new one and continue his action. (*Manuel v. Mississippi R. Co.*, 2 Pa. 198.)

After the filing of a petition against a bankrupt he may deposit money in a bank and legally draw the same on his check for the payment of his debts or for any other purpose. (*Mays v. Manufacturers' Nat. Bank*, 64 Pa. 74.)

Sometimes checks are post-dated. The object of thus dating them, obviously, is to obtain delay in making payment; as the drawer simply undertakes to have the money in the drawer's possession on the day specified. No days of grace are allowed either on such a check or one payable at a future day. (*Lawson v. Richards*, 6 Phila. 179; *Champion v. Gordon*, 70 Pa. 474.) If a bank fraudulently pays an altered post-dated check before its true date it cannot be charged against the drawer. (*Crawford v. Bank*, 3 Lanc. 245.)

If a rule exists among clearing-house banks that checks received through the institution for payment may be examined and returned to it by a specified time, entries of them made by the drawer or receiving bank previously to that time or cuts or other marks on the checks will not prevent their return or work an acceptance or payment of them. (*German Nat. Bank v. Farmers' Deposit Nat. Bank*, 118 Pa. 294.)

MR. SPRINGER ON BANKING.

[CONCLUDED.]

This opinion of the great expounder of the Constitution, taken in connection with the decision of the Supreme Court and the policy of the Government for so many years, ought to be conclusive upon the subject.

The power of Congress to furnish a National currency carries with it the duty of furnishing it in ample volume for the purposes of trade and commerce. The currency should be sufficient in all parts of the country for the transaction of business. If that is done then there is no place for local or State currency, and it would not circulate unless, perhaps, at a discount, and if it does circulate at a discount it would be to the injury of those who used it.

THE DISTRIBUTION OF CURRENCY.

Conceding, therefore, that a National currency may be issued under the authority of the Government of the United States, let us consider how best we can distribute that currency to the people. How can it be

brought to the people for their use? There are three methods, it seems to me, by which a Government currency can reach the people and be utilized as money. The first is by loaning it out to the people; the second is by paying it out for Government liabilities in lieu of raising taxes; and the third is by furnishing it through the agency of banks. In either or all of these methods the Government should perform the function of issuing the currency.

LOANING MONEY TO THE PEOPLE.

Now, my objection to the first of these methods, that is, to the loaning of money to the people, is this: If you resort to this you must provide a system of loaning money to the people on mortgages on real estate, or on the products of the soil. How can the people be supplied in this way with the currency? Is it not impossible, is it not impracticable, to reach the people through those means?

The number of banks in existence is over nine thousand. The number of transactions in a day, with all the banks, in money or checks, which actually passed for the payment of debts, is enormous. The report of the Comptroller of the Currency for 1893 shows that about \$331,000,000 were deposited in all the National banks in one day in September, 1892. It is probable that in all the banks in the United States, State and National, the amount deposited on that day was not less than \$500,000,000. Actual money was not deposited to that amount, but checks, other credits, and money to that amount were deposited in one day. This indicates the vast amount of business done in a day, and such a vast volume of business would call for a great number of loans to supply the wants of trade in every day's transactions, and it would be utterly impracticable to supply that want through Government agencies.

THE PRINTING PRESS VS. CAPITAL.

If the Government is to go into the business of loaning money to the people, it can only get its supply from printing it, and it therefore brings the printing press into competition with the existing capital of the country, and all the loanable wealth of the country would be destroyed by the Government coming into competition with it by printing irredeemable currency and loaning it to the people. My understanding of the wants of trade is that the people need a currency that they can obtain in their everyday transactions. As I have pointed out, the transactions of the people in one day in this country are enormous, beyond the comprehension of the mind.

Over \$500,000,000 of trade is done every day in the United States, and the people need money in places where money can be had. If the Government should issue \$1,000,000,000 or \$5,000,000,000 of money and loan it out on mortgages, advance it on farm products, pay it out for expenses of Government, or for some special improvements, the next year the people who need money in their business could not get it except by going to the banks and capitalists to borrow it. This thing of supplying the people with money must be for all times in order to be adequate; it must be for to-morrow and the next day. The people who do business must have money accessible all the time—this week, the next week, and next year to do business.

This money must be ever present to help in financial transactions; it must be always accessible. If, as I have already suggested, the Government went into the business this year and issued \$5,000,000,000, the next year the people would have to borrow of the capitalists just as they did

before. The Government cannot create values by act of legislation. If the Government were to begin this system it would be but a few years until the issues would be beyond the reach of redemption, and then the whole system would go down in financial ruin and bring all the business of the country with it.

MUST THE GOVERNMENT LOAN MONEY?

Furthermore, if the Government is to go into the business of loaning money to the people on mortgages and farm products, it must be fully prepared to furnish all the people at all times and at all places with all the money they would require. This would be an impossible task. But no favoritism should be tolerated. All should be served alike, or the worst species of corruption would be encouraged. To loan to one class of people and withhold from another would be undemocratic, if not despotic in the extreme. Government agents could enrich their favorites, their families, or punish their political opponents.

The Government would be compelled to keep on hand in all parts of the country money with which to supply local demands. Over 9,000 banks are now required to meet the wants of trade in the United States. Their employes will number between thirty-five thousand and forty thousand persons. How would it be practicable or even possible for the Government to furnish equal facilities for doing business? The banks are the places where the business of the people is done and to which business people go when they want money just as they go to a dry-goods store when they want dry goods, or to a clothing store when they want to get a suit of clothes. The Government cannot meet the business requirements of the country by issuing its notes and loaning them to the people, or by paying them out for current or extraordinary expenses.

ISSUING CURRENCY TO PAY GOVERNMENT EXPENSES.

This brings us to the consideration of the second method of distribution to which I have referred, namely, the issuing of currency notes by the Government in lieu of raising taxes; in other words, paying the expenses of the Government by issuing Treasury notes instead of raising money from the people by taxation. That is in some respects the method we have now so far as greenbacks are concerned.

The greenback is simply a debt which the Government owes to the people, and instead of paying it, has issued a promise to pay, which circulates as money. This is a system which, in the opinion of some people, can be used as a permanent and adequate means of furnishing a circulating medium for the people. The greenback as it now stands is a safe currency. It is secured by the deposit of gold as a redemption fund in the Treasury for about 20 per cent. of outstanding Treasury-note circulation, including the Sherman notes, which, in all, amount at this time to about \$500,000,000, all of which are, by the decision of the Treasury Department, held to be redeemable in gold coin. That 20 per cent. of actual deposit, when the fund is up to its maximum of \$100,000,000, seems sufficient to float the \$500,000,000 of Treasury-note currency.

While this plan has very many attractive features about it, I think it is one of the most dangerous that could be adopted as a permanent and exclusive system of furnishing money to the people. I am in favor of retaining the present volume of Treasury notes, as they are

well secured, and will be promptly redeemed as the present law provides. But if it is understood that the Government may, from time to time, increase the volume of the currency, Congress will be importuned at every recurring session for larger issues of Treasury notes. There are bills pending before the Committee on Banking and Currency now calling for an issue of several hundred millions more of currency. There is no elasticity about a system of this kind. It is simply an arbitrary decree of the Government that so much money shall be paid out in the shape of "promise to pay" for the expenses of the Government, or of special objects, in order to furnish the people with currency.

It is often suggested that a certain amount of circulation per capita should be issued by the Government. I cannot see what relation the number of people in the country has to the amount of circulating medium which is required to meet the wants of trade. If the volume of the currency should be determined by the number of bushels of wheat raised, I could understand that a certain amount of money would be required to handle it. For wheat is raised to sell. But men are no longer chattels of traffic, and the number of people in a country bears no relation whatever to the amount of money which should circulate. In China it only requires about \$1.75 per capita, in silver, to do the business of the 400,000,000 people of the Celestial Empire. The other currency is in copper coins.

In France the per capita circulation is about \$40. In this country it is about \$24. In England it is \$18.42, in Germany it is about the same; but in Russia it is only \$7.16. It is not the number of the people, but their habits and methods of doing business, and the number of transactions and the manner of making payments that determine the amount of money which is required. Any arbitrary decree of Government fixing the amount of circulating notes per capita which should be issued would be contrary to all recognized business principles.

If it should be understood that the only means of increasing the circulating medium was for Congress to print Treasury notes and pay them out for expenses of Government, all sorts of Government enterprises would be resorted to as a pretext for issuing more notes, for increasing the circulation.

This system, for the want of a better name, might well be called "Coxeyism." But Mr. Coxey is not the inventor of the plan. He is only suggesting at this time a scheme which is similar to many others which have come and occupied public attention for a time, and have passed out of mind. His pretext for increasing the volume of the currency is for Congress to work the roads of the country. He thinks that \$500,000,000 could be profitably expended for this purpose. Congress, in his opinion, can set the Bureau of Engraving and Printing in operation, and turn out the Treasury notes as fast as they can be expended. Where is such a system of increasing the currency to end?

Another \$500,000,000 would be required to irrigate the arid lands; another like amount would be required to construct public buildings in every city, town, and village in the country; and unlimited amounts have been suggested for the purpose of buying up all the railroad, telegraph, telephone, and transportation companies, and for digging canals and for making other public improvements. Can any one doubt that such a method of furnishing currency would result ultimately in unlimited issues of irredeemable currency? The fate of the assignats, issued by the revolutionary government of France in 1789, ought to admonish us of the danger and ruin which follow irredeemable issues of paper money. There can be no safe currency that is not redeemable in coin

on demand of the holder. It would be impossible for the Government to make provision for coin redemption if such reckless issues of Treasury notes were authorized. The path of safety, therefore, is to refuse to adopt this method of distribution.

DISTRIBUTION THROUGH THE BANKS.

How, then, can the Government interpose in the matter of the currency and not disturb existing values, or fall into the practice of unlimited issues? It can only do this by availing itself of the existing financial institutions of the country, using them as distributing agencies. There is a great prejudice against banks. I know that such prejudice has prevailed in many parts of the country, and that many good men think that a bank is an institution devised by wicked Wall Street for the purpose of oppressing and robbing the people. This prejudice is not without foundation.

It is due to the fact that State banks before the war and National banks since that time have been authorized by law to issue their notes, their "promises to pay," and circulate them as money, by loaning them out to the people. The people cannot understand why a bank should be endowed with a function which properly belongs to Government only, the right to issue circulating notes, and thus create the money of the country. If, however, banks should be confined to the business of banking proper—the business of receiving deposits, loaning money, selling exchange, etc.—there are no institutions in existence more beneficent and more to be desired, when rightly managed, than banks. If it were not for the banks the whole surplus money of the country, which is now utilized, would lie idle in the pockets of individuals or in safe-deposit vaults. The banks enable the people to have five times more actual currency in circulation than they would have without them. In a high state of civilization, and where there is great public confidence, there will be a great number of banks, and the greater will be the facilities for the transaction of business.

Instead, therefore, of diminishing the number of banks, they ought to be increased. Let every small village of the United States have a bank where people can put in their surplus earnings at night and be secure. The surplus earnings will form an aggregate which will furnish a loanable fund for the people, who may thus do business with the surplus money of the country. In every community where you find a bank you find the people thrifty and saving. They go to the bank and put in their earnings and keep them against a rainy day. I do not know whether banks encourage thrift or thrift encourages banks, but they seem to go together; they seem to go hand in hand.

THE NEW YORK STATE BANKERS' ASSOCIATION.

ITS ORGANIZATION AND BY-LAWS—ADDRESSES BEFORE THE CONVENTION.

The convention of New York bankers, held at Saratoga Springs, August 15th and 16th, resulted in the organization of the Bankers' Association of New York. The State was well represented. J. H. De Ridder, cashier of the Citizens' National Bank, of Saratoga Springs, called the convention to order and nominated for temporary chairman, Henry C. Brewster, cashier of the Traders' National Bank, of Rochester, who, in a short address explained the purposes of the convention. Charles Adsit, cashier of the First National Bank, of Hornellsville, was made temporary secretary. The address of welcome was delivered by ex-State Senator John Foley, president of the Citizens' National Bank, of Saratoga Springs.

The temporary chairman was introduced by Mr. Sloan, who said :

Gentlemen of the convention—I have the honor and pleasure of introducing to you your temporary chairman, Henry C. Brewster, of Rochester.

The Chairman : Gentlemen of the convention—Permit me to congratulate you upon the very satisfactory attendance at this first meeting of the New York State Bankers. An organization of this kind can be a benefit to the community at large by encouraging sound business methods amongst its members. The banker has great influence on the business morals of the community. If in his loans he encourages thrift and enterprise, you will find a prosperous and growing town. On the other hand, if he is a speculator and makes his loans to promote speculation, disaster will sooner or later follow, and the community suffer, as a sure result. It is a well settled fact that organization and union of interests result in lowering the cost of a commodity, and it is as true in banking as in any other business, as is well shown in the great reduction in the cost of money to the borrower during the past few years with no reduction of profit to the banks. The first business before this meeting is the selection of a temporary secretary.

Mr. Adsit was elected.

Mr. Foley, of Saratoga addressed the convention as follows : It is a source of great gratification to learn that the bankers of the State are determined to organize themselves into an association for self-protection and for the enhancement of the financial interests of the State and nation. Religion, law, politics and industries without number, have assembled here year after year to gather up their scattered forces and cement them into associations and clubs. The great wonder is that the bankers have suffered this neglect so long, and particularly when we learn that there are more than five hundred banks in this State, which wield such a mighty influence on the financial system of the State and of the country. You must remember that there is but one Wall street and that within your jurisdiction ; that it makes and unmakes men and corporations. The "Street" is the heart of financial transactions, and if you by the influence of your action can reform the street a little bit and make it a little bit more reliable, a little more steady in its beatings, you will have accomplished incalculable good. It is proper, highly so, that the bankers of the State should assemble at least once a year and

have an interchange of views; have united knowledge of gentlemen who borrow from various banks contemporaneously; have general knowledge of the tricks and schemes of dishonest officials and employes, and to discuss the merits of the Federal statutes relative to the organization and regulation of National banks. By doing this I predict a bright future for the finances of the State.

The chairman appointed as committee on constitution and by-laws, James M. Donald, cashier of the Hanover National Bank of New York; J. G. Cannon, vice-president of the Fourth National Bank of New York; William C. Cornwell, president of the City Bank of Buffalo.

The committee on permanent organization consisted of Fred. P. Allen, cashier of the German-American Bank of Rochester; John A. Kennedy, cashier of the Niagara Bank of Buffalo; J. T. Mills, Jr., cashier of the Chase National Bank of New York; E. A. Scramling, cashier of the Wilber National Bank of Oneonta; L. J. Clark, cashier of the Pulaski National Bank of Pulaski.

Comptroller Eckles addressed the convention during its first day's session, and, while the committees on constitution and by-laws and permanent organization were preparing their reports, among other things he said:

The field of financial teaching is one that such associations as this ought legitimately to occupy. The material interests here represented, vast as they are, are not of the few, but of the many, and every step here taken tending to counteract the influence of those who teach financial heresies, whether bearing upon banking or currency, is but an additional safeguard thrown about the property rights of those whose trustees, bank officers and directors are. The capital and the wealth held by the banks and kindred institutions of this and other sections of the currency, except in the smallest degree, are not the capital and wealth of those active in their management. It is that of the shareholder and the depositor, whose numbers are many millions, whose avocations are as varied as there are callings in life, and who, intrusting earnings great and small to the bankers, National, State, savings and private, of right may well demand of such trustees that they spare no undertaking to protect their accumulated store from shrinkage in value or total loss, whether it be from absolute dishonesty, negligence of action or from enacting into law a financial vagary, which, in its conception, contravenes sound principles, and in its operation destroys confidence in the nation's monetary system, and thereby causes widespread commercial depression and ruin.

I am not unmindful that apparently a prejudice exists against the banking interests assuming to take part in the discussion of monetary questions upon the grounds of self-interest, but such prejudice is only apparent. It does not exist in fact. It may be harbored by some politician who strives for votes upon every ground but that of merit, and may here and there find expression on platform and in legislative hall, but it does not have lodgment with the sober-thinking people who appreciate in the proper sense their property interests and those of their fellows. It is not found in individual communities where each day's business is quickened by its banks, and where the idle wealth is each day augmented by the employment through banking channels of capital which otherwise would be a source of loss.

The continued increase in the number of banking institutions, trust companies and loan associations in every portion of the land is ample attestation to the fact that the people appreciate the benefits accruing from them, and added thousands of investors and patrons prove full confidence in their management.

After the reports of committees were received and discussed, by-laws were adopted providing for a central body to be managed by a president, vice-president, secretary and treasurer, with a council of administration formed by one member from each of nine sub-divisions in the State. The counties are divided into groups, and a local council is provided for each group. The headquarters of the groups will be at Buffalo, Rochester, Elmira, Syracuse, Utica, Albany, Poughkeepsie, Brooklyn and New York.

The following officers were then elected for the ensuing year: President, William C. Cornwell, president of City Bank of Buffalo; vice-president, Henry C. Brewster, cashier Travelers' National Bank of Rochester; secretary, Charles Adsit, cashier First National Bank of Hornellsville; treasurer, James G. Cannon, vice-president Fourth National Bank of New York City; chairman of groups, A. D. Bissell, Buffalo; William J. Ashley, Rochester; Seymour Dexter, Elmira; F. W. Barker, Syracuse; D. A. Avery, Utica; R. C. Prime, Albany; C. A. Pugsley, Peekskill; J. G. Jenkins, Brooklyn, and Jas. M. Donald, New York City. Mr. A. D. Bissell is a brother to the postmaster-general.

President William C. Cornwell then took the chair and addressed the convention in part as follows:

The President: Gentlemen of the New York State Bankers' Association—I thank you for this great evidence of your favor. The office which you have conferred upon me I consider has few equals in honor, but you may well believe that it is with feelings of apprehension, of grave doubt, of sober hesitation, that I take up your splendid offering. I say with feelings of apprehension, because I cannot but see that the task before us has no light limitations. There are difficulties to be overcome, prejudices to be dissipated, issues and interests to be created, and once created, to be kept alive. If this is not done failure will be charged against this administration. These are causes enough for apprehension. And as to doubts, they arise as to the wisdom of your choice when so many great names are on the roll. Some of the foremost bankers of the world are in your ranks. A dozen are in the city of New York—men who, in the days of darkness and danger just passed have made the world believe in bankers (Applause); have placed the profession on the top lines of civic life; have shown the banker to be the friend and the saviour of the commercial world by such patient, high-minded, heroic action day by day as wrested the nation from the throes of panic in the dark summer of a year ago. (Applause.) And as to the solemnity and hesitation with which I take up your choice, it is because the great State of New York, far advanced in civilization, is the last of a large number to undertake an association of its bankers, and we must accordingly put forth such a record as shall be commensurate with New York's position, her proud title—the Empire State—her vast wealth, her high financial reputation.

State Superintendent of Banking Chas. M. Preston followed with an extended address which contained the following, among other good ideas, for which, like others, we regret the want of space to give in full:

Where is the organization in this State which approaches in money importance this which you consummate to-day? An organization backed with over one billion three hundred and sixty-two millions of dollars of resources can be of incalculable benefit to the institutions known as the moneyed institutions of this State, not only in facilitating matters of legislation but in protecting the interests which they represent from invasion and unjust legislation. The Department of the Comptroller of the Currency, as well as the banking department of this State, is always

recommending and influencing so far as they are able to do legislation which shall be advantageous to the science of banking, and this organization can do very much to augment, influence and procure such legislation. There are many subjects which require elucidation, framing and enactment into law which for years have been discussed and are now undergoing discussion, prominent among which, perhaps, is the subject of currency. The agitation created by the proposition to repeal the ten per cent. tax on State bank circulation has promoted a great amount of discussion, and has attracted to a certain extent the attention of the Banking and Currency Committee of the House of Representatives, and is still occupying their attention. The action of this organization can be of much value and avail in using its influence in the enactment of a law which shall be in the right direction.

Upon this subject, as a Democrat and as a representative of the State banking system, I say with deliberation that I do not believe that the banking interests of this State are in favor of the repeal of the ten per cent. tax.

Mr. Preston favored the issuance of circulating notes of the Government to State banks in the same manner as to National banks, and of securing this circulation by deposits of State bonds and of bonds of cities having a population of 100,000 and upwards, whose bonded debt does not exceed seven per cent. of its gross valuation. Mr. Preston said that the borrowing of bank funds by the officers of a bank is an evil which has grown to such an extent that legislation is needed to stop it. The combined capitalization of the National banks and trust companies of the State of New York, including the capital, surplus and profits, was stated by Mr. Preston as amounting to \$303,093,036.76, and the combined resources of the banks and trust companies of the State, \$1,363,-469.237.98.

Among the novel and important objects of the organization discussed and provided for, are a reform and regularity in the matter of the collection of checks from outside the State, to bring about legislation favorable to banking interests and prevent adverse legislation, to establish a system by which fraud shall be prevented, and forgeries and counterfeiting made more easy of detection, and to arrange for interchangeable reports among the banks as to the standing of business men with whom they must have dealings, so as to make fraudulent insolvency more difficult, and prevent "check kiting" and other irregular practices. The State bank superintendent is enthusiastic over the organization of the association. Over one hundred and fifty bankers attended the first meeting, representing \$57,960,000 in capital, surplus and undivided surplus, and it is believed that every bank in the State will soon be enrolled in the membership. One peculiar feature of the association is its division into nine groups, so that banks in adjacent counties having local common interests shall be associated together, apart from other sections, and yet connected with them in the State association. Mr. James C. Cannon, of this city, who is treasurer of the association, was one of the original promoters, and he has no doubt of its increasing importance in the banking world.

In his speech at the banquet given the convention at the Grand Union Hotel, by the local bankers and organizers of the association, Mr. Cannon said, among many other good things: There is one thing in my own mind which I have looked forward to with a great deal of pleasure, and that is the gathering of the different bankers of the State for the purpose of comparing notes on commercial credit. We have something in our by-laws for the protection of banks against loss by crime. That is good so far as it goes, but I think we lose more by bad debts than by crime.

What I look forward to is something that we can get out of it which will protect us from loss by bad debts. (Applause.) Where we can compare notes together. I have gone to considerable trouble to gather from the statistics of the County Clerk's office in New York the amount of the judgments which were filed in the six months ending July 1, 1894, by the banks of the city, and they amounted to about a million and a quarter of dollars. Now, it seems to me that the time is going by when we are going to receive large returns for our money, as we have in the past, and we are going to get lower rates of interest. Something must be done to save ourselves from these immense losses, and it seems to me that one thing this association can do will be to compare notes and see if there are not some borrowers who are borrowing from you and from me, and from some one else; who are extending their credit to such an extent that before we know it they owe us all more money than we wish they did. I had occasion the other day to investigate a firm in New York. We thought we were nursing one of the finest accounts in our bank. I looked them up and I found that seven of my neighbors had the same account. They were all giving the concern considerable credit. Then I discovered that one member of the firm had three private accounts, and, as a special accommodation to some of the banks, he gave them some of his paper. (Laughter.) Then I found he had a note broker also. On a capital of \$75,000 or \$80,000, that firm was floating eight bank accounts and were placing them around with some banks as a great favor. Another concern that I investigated had five bank accounts, and when they failed their assets were simply wind, and they owed the five banks about \$75,000 apiece. Now, it seems to me we should come closer together in this matter of granting credit. I had an interesting talk with a gentleman the other day, who told me that there is a concern in New York to-day that is engaged in making commercial paper to sell as so-called bills receivable and notes to different parties throughout the city. They take them to their banks and get them discounted as the business paper of the concern. Now, all such things can be very easily detected through an association of this kind. I heard of a concern in Boston who came to New York and tried to buy up a lot of stock in a defunct mining company, so that when they failed, which they expected to do very shortly, they could turn that stock over, and say to their creditors that was where the money went. I have mentioned these instances to show you what a wide field there is for this association to look into and remedy matters. By standing together in this association we can disseminate information about these dishonest concerns among our members, and thus render to all a great service. (Applause.)

Many other important speeches were made by well-known bankers and public men, for which we are unable to give space. The convention decided to hold its next annual convention at Saratoga also, and adjourned.

COIN CLIPPING.

Wilcox, the coin clipper, certainly stands at the head of his profession. Recent shipments of light-weight eagles and double-eagles to the Treasury at Washington from various parts of the country show that he did business on a much larger scale than was imagined. Up to the date of his final arrest by Government detectives he must have treated in his peculiar and ingenious fashion at least \$50,000 worth of gold coin. He left a trail of it all the way from Denver to Baltimore.

According to his own account, Wilcox was able to earn \$50 a day at this sort of work, with only four or five hours toil. The industry was easy as well as lucrative. He was almost safe from detection, the clipping being done so scientifically that only an expert would suspect it. By cutting a rim from around the coin, as a tire might be removed from a wheel, he took away from each \$20 piece an amount of gold not exceeding twenty-six to twenty-nine grains in weight, or about the value of a dollar. The subsequent re-reeding of the double-eagle, done with a machine, rendered it as perfect as ever to the eye of the casual observer.

The apparatus employed could be taken apart and packed in a trunk, so that the criminal operator was able to pull up stakes and decamp from a city as soon as his work began to excite attention. In this way he moved gradually eastward, pausing in Chicago during the World's Fair and reaping a good harvest there. On reaching a fresh locality, he was ready to do business, all that he required being a quiet room in an obscure street and a supply of gold coin. The latter he obtained from banks in a very simple manner. He would deposit a considerable sum of money, and after a while he would draw it out in gold. Of course, capital was needed. The clipped coins were passed by Mrs. Wilcox at dry goods shops mostly.

Wilcox had a confederate who was ostensibly a dentist. The latter, being supposed to employ that metal in his business, found no difficulty in disposing of the stolen gold. But, oddly enough, the gang did not know how to melt the yellow stuff. When Wilcox found himself in Philadelphia after his escape from Uncle Sam's officers in Chicago, he thought it would be a better plan to reduce the gold to ingots and sell it as bullion to dealers in that commodity. So he went to a man who bought and sold precious metals, taking with him a few ounces of gold. He said that he was a dental surgeon, and that, being about to depart for Europe, he wished to dispose of it.

The merchant suspected nothing and made no objection when the customer expressed a desire to look on while the gold was being melted. The operation is simple enough, and Wilcox observed it carefully. After leaving the shop he went and bought a nest of crucibles and a portable bellows. These he carried with him to Baltimore, where he made use of them until the detectives ran him down. He could hardly escape for long, because the secret service was straining every nerve to capture the criminal who had made such a success of a new and improved process for mutilating the coinage. The apparatus captured and destroyed must have cost about \$1,000.

In old times, a century or more ago, the clipping of coins was carried on extensively in England and elsewhere. Gold pieces which had lost more or less of their substance were common then and passed current

readily enough. But statutory restrictions against mutilation of the coinage have rendered this business comparatively unprofitable. However, it is still practiced by criminals of great expertness, who have various methods of reducing the bullion value of metal currency without altering its appearance. For obvious reasons, gold is almost exclusively subjected to such treatment. Some of the processes employed are remarkably ingenious.

One of the most interesting of these consists in sawing a double-eagle in two through the edge and gouging out the inside so as to remove about \$15 worth of gold. Thus the piece is reduced to a hollow shell in halves. It is then filled with platinum, which is nearly as heavy as the yellow metal and costs—at the present market rate, though this varies somewhat—less than one-half. Lead is too light for the purpose. The cut edge of the reconstructed coin is disguised by a rim of gold soldered on, and a reeding machine renews the corrugations of the minting. The result is really a work of art, being a combination of five different metals. Only an expert can distinguish anything wrong about it.

A method somewhat similar, though less artistic, is the substitute for the interior portion of a gold piece a core in the shape of a planchet of silver, the coin being split for the purpose as in the other case. This process is employed almost exclusively by Chinese. Its most important drawback is that the eagle or double-eagle thus treated is noticeably light in weight. A better plan, though somewhat laborious, is one described in a previous letter by the writer. It consists in boring into the coin from the edge so as to remove a considerable part of its internal substance. In this manner about \$7 worth of gold may be conveniently removed from a \$20 piece, the hole being filled up with a metal composition and soldered at the opening with gold.

Numerous counterfeits of eagles and half-eagles are extant, cast in base metal and gilded. Some of these are of platinum, for the sake of weight. The gilding process has been ingeniously combined with "sweating." By suspending in a tank of cyanide of potash a gold piece at one end of a copper wire and a base metal counterfeit at the other end, the criminal operator can transfer a coating of gold from the good coin to the bad one. By this method the bad coin obtains the appearance of a gold piece, while the real gold piece is rendered not less negotiable at face value. Of course, this may be practiced with many coins at once. The apparatus required is inexpensive, consisting of a few chemicals and a small battery. An electric light current will serve the purpose.

The discoveries of chemistry are of great service to counterfeiters. Comparatively few false coins are issued nowadays without an electroplating of gold or silver, which adds to their deceptive quality. In this way silver quarters, slightly altered as to lettering, are made to imitate gold eagles, while dimes are transformed in like fashion into half-eagles. Fortunately for the currency, practically all of the gold in circulation in the United States passes every few years through the Treasury and sub-treasuries. Every piece received at those institutions is weighed, and, if found light in weight, is stamped with a big L. Such coins are redeemed as bullion. They are sent to the mints, melted and recoined. The people lose by their deficiency and not the Government.

It is said that English counterfeiters give to their false coins an artificial appearance of age by manipulating them with a scrubbing brush and lampblack. No such method is practiced in this country. On the contrary, an important desideratum is that the metal imitation shall be as fresh and clean-looking as possible. Bad coins are apt to turn black

with age, through the wearing off of their surface plating or by reason of chemical action set up in the composition employed. It is different with paper money. The older and more worn that appears, the better it passes. A recent article in a London magazine stated that a false coin was always gritty to the teeth when bitten. The detectives of the secret service at Washington say that the most characteristic feature of bad metal pieces is a greasy feeling.

As for paper money, the shabbiest is apt to be regarded with the least suspicion. Accordingly, counterfeiters make use of various artificial processes for giving an appearance of age to their notes. One method is to rub them over the body of a sweating horse, thus saturating them with dirt and grease. Another plan involves the use of tea leaves or coffee grounds. The grounds or leaves are moistened and placed in a book between two layers of tissue paper. Then against the tissue paper, but separated by the latter from the leaves or grounds, are placed the false notes. The moisture soaks through the paper and discolours the notes, giving to them an ancient and respectable appearance. To return to the subject—the materials most employed by criminal coiners for their compositions are pewter, block tin and solder. Each of them, however, has his own special recipe. Pewter for the purpose is usually obtained in the shape of spoons.

The loss to the Government by wear and tear of silver coin in circulation is considerable. It averages three cents on every dollar. Last year, as reckoned on pieces reminted, it amounted to \$239,293. Coin of the white metal is redeemed at face value by the Treasury as long as it has not been willfully mutilated and retains enough of its design for identification. Congress makes an appropriation annually for recoining abraded pieces—not, be it understood, to pay the cost of minting, but to square the cash account of the Treasurer of the United States. He is only credited by the Director of the Mint with the bullion value of the worn pieces when he delivers them. On the same account there was during the last year a loss by gold reminted of \$2,384. But the Government will not accept gold coins that have lost more than a very small fraction of their weight, which is termed the "limit of tolerance."

The Columbian coins, so widely advertised at the time of their issue, were a sad failure. It was expected that people would be eager to pay double their face value in order to obtain them as curiosities. That this was a mistake was proved by the fact that 3,641,760 unsold half-dollars are now lying in the Treasury. Most of them were never taken out, while the rest have been returned for redemption. They are to be re-coined at the expense of the exposition management, in order to protect the holders of those which were actually purchased. The 5,000,000 souvenir fifty-cent pieces were made out of abraded silver coins furnished by the Treasury. For their manufacture \$2,540,000 worth of such coins was required, \$40,000 having to be added to compensate for loss by wear. Of the 40,000 silver souvenir quarters minted at the same time, 15,803 still remain in the Treasury. It is not known what will be done with them.

The withdrawal by the Government of postal notes has already greatly increased the practice of sending coins in cards. Charitable organizations, country newspapers, and many business firms send out cards with circular holes in them to contain silver pieces. Two glued flaps hold the coin in position, and in this shape it is sent through the mails in payment of subscriptions or what not.

Until within the last few years cents were not recognized as currency in the West and South. Of late they have begun to be used all over the country, though their introduction has been gradual and their accept-

ance reluctant. During the last year California received from the Treasury and circulated 52,000 cents; Louisiana took 5,000 cents; Utah 2,000, and New Mexico 4,000. These are small amounts, but they show that coppers are making their way in States which until recently have refused to recognize them. Cents are as yet practically unknown in Nevada, Wyoming and Arizona. New York employs the greatest number of pennies. Last year that State drew for currency 7,994,000 brand new cents from the Treasury. Illinois came next with a demand for 5,573,000 coppers, partly on account of the World's Fair. Massachusetts was third, calling for 4,298,000 cents, and Pennsylvania fourth, with 3,373,500 cents.—*Rene Bache, in the Boston Post.*

STATE TAX ON BANK NOTES.

PROVISIONS AND EFFECT OF THE BILL NOW BEFORE THE PRESIDENT FOR HIS SIGNATURE OR DISAPPROVAL.

The only financial legislation accomplished by this Congress, except the repeal of the purchasing clause of the Sherman act and the passage of the seigniorage bill, which received the Presidential veto, is the bill to subject to State taxation National bank notes and United States Treasury notes, which passed the House with Senate amendments. Attempts have been made in nearly every Congress since the War to subject these forms of money to taxation. Senator McDonald, of Indiana, introduced a bill in the Forty-sixth Congress for the purpose, and in 1890, when Senator Edmunds was chairman of the Senate Committee of the Judiciary, a similar measure was reported by that committee and passed the Senate, but failed in the House.

Representative Cooper, of Indiana, who introduced the bill which is now in the President's hands for approval, has made an unusually active campaign for it. It was approved by the House Committee on Banking and Currency by a majority of one, Mr. Walker, of Massachusetts, voting with the Democrats for it, and Mr. Springer and Mr. Johnson, of Ohio, with the Republicans against it, the latter because he believes in the single tax upon land.

The bill provides that circulating notes of National banking associations and United States legal tender notes and certificates of the United States, payable on demand, and circulating or intended to circulate as currency, shall not be exempt from taxation under the laws of any State or Territory, provided that taxation is exercised at the same rate and in the same manner as upon other property or money.

The three acts authorizing the issuance of greenbacks each put in circulation \$150,000,000, but the total amount was afterwards reduced to \$346,000,000, a figure that has remained permanent, although much of the money has been lost or destroyed. Each issuing act declared the greenbacks exempt from taxation by State or municipal authority, as well as all other obligations of the United States, and under this law are the Sherman notes for the purchase of bullion, \$150,000,000 of which were issued under the act of 1890. There are in round numbers \$500,000,000 of United States notes exempt from taxation.

Efforts to tax money as other personal property is taxed are made by most of the States and Territories. The average rate is estimated at \$1.50 for State and county and \$1 for city taxes on \$100, so that the taxation on this money would average $2\frac{1}{2}$ per cent.

It is represented that most of these exempted forms of currency have been withdrawn from circulation, and are being hoarded by banks and individuals, as they have an advantage over gold and silver, which are subject to taxation.

CAN OUR NATIONAL BANKING SYSTEM BE PERPETUATED?

It would hardly be fair to expect that I should be able to conclusively demonstrate to you, in the brief space of time I shall have at command, that it is an easy matter, and unquestionably feasible, to perpetuate our National banking system, after the interest-bearing portion of our National debt shall have been paid off, or so far reduced as to be no longer available for continuing the system. The undertaking, I realize, is a very difficult one at best, but I will endeavor to present such thoughts relating thereto, as seem pertinent and which, if properly applied, would, I believe, enable the system with all its admirable features to be perpetuated without a deposit of bonds.

THIRTY YEARS OF NATIONAL BANKING.

We have now reached the thirtieth anniversary of National banking. A few banks were organized in 1863, but the year 1864 can more properly be said to date the inauguration of the system. Whilst I shall make liberal use of these thirty years of experience and recorded results, I will not stop now to review the history—the marvelous growth, the wonderful success, the unequaled benefits, which thirty years of this excellent system of banking has conferred on us as a people, as a nation. It is sufficient to say, that nothing in all the financial history of the nations of the earth, past or present, can be found to equal or bear fit comparison with it. But its excellence results from several admirable features, not from one alone. For circulation as originally intended now plays a comparatively small part in the general whole. Yet at the inauguration of the system, it was, and still should, indeed must, be its leading and most important characteristic, for it would seem unreasonable to expect that the system can be long perpetuated without the full restoration of the privilege of circulation.

WE MUST HAVE BANKS AND CIRCULATING CURRENCY.

In discussing this subject, I shall assume, that as practical bankers we will agree:

1st. That the people must have banks, that the business interests and public generally must have banking facilities, and that these should be conveniently located for their accommodation, and safely conducted for their protection.

2d. That a circulating currency is indispensable to business. It should be based on or represent actual or convertible value, should be uniform, absolutely safe, and receivable at par in all the States. That of all our paper money now in use, National bank notes alone possess all these essential qualities.

3d. That the Government can only issue notes to pay obligations, when redeemed they can only be re-issued to pay new obligations. Such purpose and character must therefore be temporary. They possess none of the true attributes of money; are not issued against actual or convertible values, and cannot be lasting, and ought not and cannot be made the perpetual currency of the nation.

4th. That if the survival of the National banking system depends on the continued existence of interest-bearing United States bonds, its extinction is a mere matter of time.

5th. That in this, and all matters of legislation, the public welfare is first to be considered.

UNITED STATES BONDS DISAPPEARING RAPIDLY.

The United States bonds are no longer available to the banks, as was originally contemplated by the currency act. Their rapid reduction, the resulting scarcity, low interest and high prices, have rendered a deposit of them as a basis of circulation unprofitable to, and undesired by the banks. The amount outstanding January 1, 1884, was about \$650,000,000, while the capital of the National banks is nearly \$700,000,000. If the banks held them all they could not even now take out the 90 per cent. of circulation allowed by law. And in this connection, it is important to remember that these interest-bearing bonds have been reduced from \$1,952,400,000 in 1879, to about \$650,000,000 in 1884, or an average of about \$130,000,000 annually. At that rate, five years hence, the last of the United States bonds will have disappeared, and with their cancellation, our National banking system must necessarily end, unless in the meantime some remedial legislation shall have been enacted. While, at the present time it seems altogether improbable, that the bonds will be reduced as rapidly hereafter, as heretofore, yet it is nevertheless true that in 1879, it would have been thought even more improbable that less than one-third of these bonds would remain outstanding in 1894. The financial panic, the business depression and consequent large falling-off of customs and internal revenue, have checked the reduction for a time, but it must be apparent, that these bonds will at least be so far reduced at an early day, that they will be no longer available for the continuance of the system, even in its present makeshift condition. We may therefore proceed to first inquire briefly, whether other than United States bonds can be utilized for securing the circulating notes of the National banks.

STATE AND OTHER BONDS NOT AVAILABLE.

We cannot substitute State bonds. All the larger and wealthier States have comparatively few bonds outstanding. Their debts have been steadily reduced, until in many cases, little or nothing remains unpaid. The bonds of the State will there be found either too small in quantity, or too unstable in value to be available for deposit as security for circulation. Municipal or corporate bonds and individual mortgages are either too uncertain in fluctuating in value, or too transient and local in character for such use.

IS A DEPOSIT OF BONDS NECESSARY?

We must therefore, if the system is to last, begin to consider what can be done to perpetuate it without a deposit of bonds. If the National banking system, with all its excellent features, including its best feature, National bank-note currency, can be perpetuated without a deposit of bonds, it will prove a most important achievement to the future business, to the prosperity of the nation, and to the welfare of generations to come. A pledge of United States bonds at Washington seems in no material way to contribute to either the strength, the safety, the prosperity, or the good management of the banks at home. The purchase and deposit of high-priced bonds involves loss of both capital and income, and to that extent has weakened them. After careful examination, I am not able therefore, to see that such pledge of bonds has any other purpose or effect than to secure the circulating notes of the banks. By

referring to the history of banks and banking in the past, it will be found that a deposit of bonds to secure circulation is altogether a modern idea. And it has not been satisfactorily proven that such a pledge of bonds possesses any superiority over other and older means. Take, for instance, a bank which may have been organized a few years ago with \$150,000 capital, buying \$50,000 United States fours at the then high market price, viz. : \$128. Such a bank must have since charged off as lost by shrinkage \$7,000, and be now carrying on its books \$7,000 more as speculative value. If we take a bank with \$500,000 capital organized at that time with a full complement of fours to secure full circulation, and also purchased at \$128, the loss to that bank from shrinkage on these bonds would be now \$70,000, and another \$70,000 must be carried on its books as purely speculative value. Thus, \$140,000 of the \$500,000 capital is actually lost, or carried in part as speculative value. Any other investment with like consequence would have been held disastrous, yet these banks were required to actually destroy a part of their capital in order to be allowed to have an existence.

SUPPOSE WE WERE INVOLVED IN A WAR.

If this country should become involved in a serious war with England, France, Germany or Russia, what effect would it have on the United States bonds deposited by the National banks to secure their circulation? In that case, our Government would, of course, become a borrower. Large amounts of new bonds would be likely to be on the market and prices of all Government issues would decline. The 2, 3 and 4 per cent. bonds would probably be most affected. If the war was protracted, these issues would decline in all probability from 25 to 50 per cent. or more, and might seriously affect the standing and credit of many, if not of all, our National banks. In such a crisis, the banks should be healthy and strong, with no weak spots. Their assets should be mainly of a character which would be neither directly nor indirectly associated with the financial needs, or uncertain credit of the Government. Not even such a possibility should be allowed if other satisfactory means can be substituted. To allow the financial requirements or impaired credit of the Government to cripple the National banks at such a time might prove fatally disastrous to the Government itself, as well as to our public banking system.

UNWISE TO DEPRIVE A BANK OF ITS CAPITAL.

Our National Currency act, with all its excellence, has one marked defect. It does not seem proper or reasonable, I maintain, to require a new bank, just organized, to immediately deprive itself and the community of all of its capital, to send it away, and lend it to the Government on its unsecured promise. There was a time when the needs of the Government required the loan, but it needs it no longer. And one of the marvels in this connection, which I have never been able to comprehend, is the supposition that such diversion of the capital of the bank from its own possession and custody should commend it to the community where it is located, and give it a more reliable status for meeting its home liabilities. It seems to say that because the bank has put "all its eggs in one basket," made all its capital liable to be lost in one lump, it is therefore stronger than if it had all that capital loaned out on business notes and drafts in the community where it is located, and the hazard thus divided into several hundred separate and distinct risks or obligations. It is directly inconsistent with the wholesome limitation imposed by the act as to the amount loanable to any other party.

COMMERCIAL NOTES AND DRAFTS.

As practical bankers we all know that bank is soundest and its self-reliant power most effective whose assets are wholly or mainly composed of discounted business notes and drafts. We know these to be the exchange or transfer obligations of commercial transactions. That they constitute the medium whereby the commodities, the products of industry are moved. They have been aptly termed the "title deeds" to the articles of commerce most needed by trade, by the necessities, the comfort and convenience of mankind, and by means of which these articles are distributed for use. Such obligations represent convertible property value, actually received by the makers, the latter being in a sense agents for converting this property value into cash, or such convertible credit as will provide payment for the notes and drafts at maturity. It is for this reason, and for the additional one, that their value is fixed, and not subject to market fluctuation, that they are regarded as a better, a higher order of obligations, in which to invest the capital of a bank, than either National, State or municipal bonds. These latter have no convertible property value behind them. They are created and have their existence only in the open exhibition of their makers' weakness and poverty, whilst commercial notes and drafts represent, and have behind them, the productive wealth of the people.

NOTES AND DRAFTS AS A BASIS FOR CIRCULATION.

May we not therefore utilize these recognized superior securities as a basis for circulation? They have for years been extensively used by the clearing houses of our larger cities as security for relief certificates, amounting to hundreds of millions of dollars, and have never failed to safely perform every requirement in that regard with entire satisfaction. How can they be made the basis of a sound issue of bank circulation? Several available methods suggest themselves. In the view of many experienced bankers, the present system by a simple removal of the requirement of a bond deposit, the authority by law to issue circulating notes based on the value of such notes and drafts in the custody of the banks to the amount of the paid-in capital, with first lien on the assets of the banks for their redemption, would be all that would be required for a safe, uniform, reliable currency. A few years ago, a well-known banker of recognized ability and prominence in financial circles, and then president of one of the largest banks in the country, in a paper read before the American Bankers' Association, most ably and convincingly argued that commercial notes in the custody of the banks was the soundest and best basis for the issuance of the National currency of the future. The advocates of this plan very plausibly claim that it has been shown in the past that such bank issues, under proper restrictions, supervision and regulations, have been proven reliable and safe. That they would bear no relation to, or in any way resemble the wild-cat banks of the past. That the largest, strongest, and best managed banks of to-day, in all the civilized world, except in this country, are essentially conducted on that basis.

THE CANADIAN SYSTEM OF BANKING.

The Canadian system requires no pledge of bonds. The law simply asks for a deposit of 5 per cent. of the capital of the banks to be held by the Government as a "safety fund," somewhat similar to our 5 per cent. reserve fund, and then authorizes them to issue circulation to the full amount of their capital. The basis of security for these circulating notes is the capital of the banks, mainly invested in commercial notes and

drafts and held in the custody of the banks. The Canadian law is the reverse of ours, in allowing its banks to retain control of their own capital, and allowing them a circulating credit equal to such capital, while our law contemplates that the capital of our banks shall all be taken from them and loaned to the Government. After many years of practical test, the Canadian system has proven itself reliable and generally satisfactory, and is to-day in general popular favor with the business and general Canadian public. Its inherent self-reliant power to issue circulation up to the full amount of the capital of the banks gives their currency a flexibility which ours does not now possess, and in that respect it must be admitted, has superiority over ours. Such a power, ready for immediate use, can generally check or wholly avert a panic. It is, however, more than doubtful if Congress, with the existing prejudice against our banks, however unfounded, will ever consent to modify our National currency act on the liberal lines of the Canadian law. Without stopping to consider the several other methods which might be made available for utilizing the commercial notes and drafts held by the banks as security for circulation, I will proceed to outline a method which involves but a slight change in the present law and at the same time would place in the hands of the Government in actual cash absolute security for the immediate redemption of the circulating notes of all failed National banks. It also embraces, indirectly, the commercial note basis, for instead of being invested in United States bonds, the capital of the bank as well as the deposits and circulation would be mainly invested in commercial notes and drafts. These would furnish a secure basis of actual convertible values against which to issue a sound currency.—*Address by William H. Ainey, president of the Second National Bank, of Allentown, at the Convention of Associated Banks of Eastern Pennsylvania.*

[TO BE CONTINUED.]

STATE BANK NOTES.

A citizen of Portsmouth, N. H., has recently narrated his experiences with State bank notes to a reporter of the Portsmouth *Times*. So much has been said within a few months concerning the desirability of returning to this system that these reminiscences will prove both interesting and instructive :

It was a good many years ago that I went to Boston for the first time—shortly after the Eastern railroad got through to this city from Boston. I had besides, what I supposed was enough other money to pay my fare on the cars, a ten dollar bill. It was the first ten dollar bill I ever owned, and I can remember that when I looked at it there was away down in my heart a good deal of silent but none the less sincere contempt for Cræsus, John Jacob Astor, Stephen Girard and all those other fellows who had preceded me in the capitalistic line. I felt quite sure that no one of them had ever possessed, all at one time, an entire ten dollar bill on the Rockingham Bank, with full authority to spend the same, *ad lib.*; and even now I don't believe the whole lot of them, all put together, ever felt half as rich as I did that morning in the long ago.

When I got to the depot—I got there when the bell rang, so I was fifteen minutes ahead of train time—they had the worst old clanging tin kettle of a bell that ever was, and used to ring it fifteen minutes, five minutes and one minute before it was time for every train to start—I

found that my extra money wasn't enough to pay my fare without breaking into my ten dollar bill. That was not to be endured, so I started off and walked to Newburyport, paid my fare from there, got into Boston that night and slept at my uncle's in East Boston. That's where the Eastern railroad station was then, and passengers crossed to the main part of the city on a ferry-boat.

Next day I went over to paralyze the town with my ten dollar bill. Guess I went into two or three hundred stores, and priced all sorts of goods to an amount that would have come to five or six hundred thousand dollars, but didn't buy 'em all; didn't buy any of 'em, in fact—wouldn't break my beloved ten dollar bill. Along about two or three in the afternoon I got into a gun and pistol store down on Dock square, as near as I can tell. I priced rifles and pistols and shot guns and bowie knives, and things enough to supply an army corps, in that place. Rather guess now, as I look back, that the clerks in that store had lots of fun with me: they crowded round, brought all sorts of weapons for my critical inspection, and were lost in admiration of my ten dollar bill, which I had displayed on first entering the store, in order to disabuse their suspicion that I didn't have plenty of money. Don't care if they did; they didn't enjoy it any more than I did.

Before I decided what to buy there was an alarm of fire, and I ran out; had my ten dollar bill with me all right. Fort Hill was all on fire. There isn't any Fort Hill now, but there was then, and about three acres of it was burned over that afternoon. The buildings were big, old wooden structures, as I remember them, and swarmed with poor families. It was pitiful to see them, and I worked like a Trojan getting out furniture—blistered my hands, barked my knuckles, tore my clothes and got my hair burned. The furniture was piled up high as a house on an open space called Fort Hill square, and it seemed as though women and babies were mixed all through it. Then the mass caught fire at one end and was all burned up, but I believe none of the people were burned.

Then a policeman grabbed me by the shoulder and asked me what I was doing there; said he knew me and what my little flame was, and if I didn't want to be run in the best thing I could do was to scoot. I stood on my dignity as an American citizen, albeit not a very big one; told him that I belonged in Portsmouth, New Hampshire, and had a ten dollar bill on the Rockingham Bank, and showed it to him. He went right down in his boots, apologized for his abruptness, said he belonged to Durham, N. H., himself, and he could see I was all right; but the best thing I could do was to transport myself and my ten dollar bill away from that locality as soon as possible. I took his advice, and went.

By this time I was almost starved, so I entered a restaurant and partook of a mighty dinner—pork and beans, liver, fried onions, pie, coffee, and all the other delicacies of the season. I presented my ten dollar bill. "H'm," said the man, "down East money. Four per cent. discount on this;" and despite my assurance that the bill was as good as gold he took out of it not only the amount for my dinner, but forty cents additional for changing the bill. Had I known it, I could have got Massachusetts bank money for it for about five cents, at a broker's; but I didn't know it. Workingmen generally didn't know anything of the kind, so when they went from our State to another they had to pay through the nose for having their bank notes, perhaps just as good as my ten dollar bill was, changed into stuff that was current where they found themselves.

When I came home I had three dollar bills, two rather the worse for

wear, the other crisp and clean and new. The latter I did not spend until the last; it was on a Rhode Island bank, and I have had a bitter feeling against Rhode Island ever since.

I was going out to the farm on which I was employed, and wanted to take out some ammunition for shooting crows, on which there was then a bounty of ten cents a head. I went into John H. Bailey's store, which I think was where Fay's store now is—it was close to there, anyway—and ordered half a pound of powder and a pound of "double B" shot. I laid down my new dollar bill. Mr. Bailey looked over a paper-covered book about as big as an unabridged dictionary; with "Bank Note Detector" in black letters on the back, and said, "My boy, this bill is only worth twenty cents; the bank has suspended." A clerk remarked, "Here's the last month's Detector, Mr. Bailey," and handed him a thin pamphlet, after a glance at which he said, "My boy, this note is worthless; the bank will pay nothing."

I was about ready to bubble over. I wanted the ammunition, and had no more money. Mr. Bailey looked at me a moment and then said, "I know you; you work for Mr. Blank; you can take the powder and shot, but that bill is good for nothing; you can pay for the stuff when you get money." I did pay him, and before many days; but the result of the whole business was that my ten dollar bill on the Rockingham Bank, as good as gold while I was in Portsmouth, was worth but eight dollars and sixty cents to me as soon as I was fifty miles away from home.

Some years after this I had another experience with State bank bills. I had been at work up in Vermont on a farm all summer, and was coming home, along in November I think it was. My employer had paid me with an eighty dollar check on the Bank of Rutland, and I got into Boston in the evening with fifteen new, crisp five dollar bills in the inside pocket of my hickory shirt. It was evening when my train got in, too late for me to get to Portsmouth that night, but I got my chest carted over to the Eastern depot—it was on Causeway street then, not in East Boston—and then went to a small hotel not far away to pass the night, my uncle, the only person in the city I had known, having moved to some place away off.

Having been away up in Vermont all summer, and had only a semi-occasional weekly paper from Rutland to read, I had not kept very well posted as to what was going on in the country; but in Boston I quickly learned that everything financial was in a terribly bad way. There was a great panic, and banks and business firms were going down like pins at a bowling match; mills were shutting down, men being thrown out of work by thousands, and suspicion and dread were everywhere.

The hotel I went to was called the New Hampshire House. I had supper and then told the clerk I would like to go to my room, as I was very tired. Being without baggage, he said the rules required payment before I retired. I handed him out one of my new bank notes. He had at least twenty pamphlets in his office to which he and an assistant were constantly referring. These I learned were lists, furnished by some central authority, of the banks that had suspended, and notes of which were not to be taken at any price. The Bank of Rutland did not appear on any of the lists, but after consultation with a man whom I took to be the landlord, the clerk told me that as Rutland was so far away they could not take that bill. I had no other money, so I could not get a room; but they couldn't get my supper away from me, anyway.

I walked around, and came to a drug store. I went in and drank two glasses of soda, which I didn't want; also bought a tooth brush and a bottle of hair oil, neither of which I wanted any more than I did the soda. Presented a five dollar bill. Druggist demanded Boston money.

Didn't have any, so he told me I could have the soda free, but made me give back the tooth brush and bottle of hair oil. He couldn't afford to change a Rutland bank note, even though it was as good as I claimed it to be. As a fact, I didn't know a thing about whether it was good or not. I only knew it was all the money I had, and that it represented my summer's hard labor.

I went into several other places and tried to buy trifles for which I had no earthly use, but in every case the first thing they wanted was to see my money; and when they saw it they kindly but firmly declined my patronage.

Then the wind came around to the eastward, and brought in a thick fog. The day had been warm, and I was thinly clothed, and had on no overcoat; didn't have any to put on, in fact. Pretty soon I was chilled to the marrow; had been chilled to the heart long before. Was almost discouraged enough to go down and jump off the wharf, only that I didn't know the way, for one thing, and then it was possible that the water was wetter and colder even than that Boston fog in November. So I didn't go.

Along toward midnight I found myself away out on Tremont street, where things had a mixed look—half country-like, and half like the new part of a city. There was a number of buildings in course of erection; there was not a soul in sight, and I went down into the cellar of one of them and groped around in the darkness, reckless of steel traps, bulldogs or shot guns. I bumped up against a carpenter's bench, found a lot of shavings near it, scraped all of them I could under the bench, and turned in, devoutly thankful to have found shelter and rest at last. It was the first bit of luck I had had that day.

I don't remember about going to sleep, but along about two o'clock I found myself wide awake, shivering and with my teeth chattering, and saw a brilliant light moving about the cellar. I thought the proper thing to do was to investigate that light, so I stuck my head out from under the carpenter's bench and remarked, "Hello!"

That lantern went sideways about ten feet, carrying with it the man who was holding it, and who remarked something very like, "Hello," though not exactly that. Then he came up to the bench, turned the bullseye on me, and asked, "What are you doing here?" He was a watchman employed to look after several unfinished buildings there.

"Freezing to death, I guess," said I, and I crawled out from among the shavings and stood up. He looked me all over carefully, as though appraising my wardrobe preparatory to making a bid for the same, and then said, in a tone of surprise, "Why, you ain't no bum; this ain't no place for you; ain't you got any money?"

I answered, "Yes; I have seventy-five dollars; but it's all in notes on a bank at Rutland, Vermont, and nobody'll change it or give me a night's lodging for it." He laughed out loud, in what I thought a very heartless manner, and then told me he would have to pass me to the policeman on that beat, who was then about due; that there would be no charge of any kind against me, but I could not stop in the building; the officer would probably be able to get me into a hotel, as I had money, but if he couldn't do that he would take me to the station house, where I would find warmth and good treatment.

We went into the street, and pretty soon the officer came along. "Here, Wilson," said the watchman, "here's a young fellow from the country with a lot of money in his pocket, that I found in one of the cellars. He's willing to pay at a hotel, but says they won't take his money." The officer, after looking me over sharply and asking me a few questions, told me pleasantly to walk along with him; that he would

try to get me into the Winthrop House, and failing that, I would be quartered at the station; he further assured me that in the latter case I would not be locked up, nor looked upon as a criminal.

To make a long story short, when we got to the Winthrop House, which was a high-toned and high-priced house, the policeman had no difficulty in getting me admitted to the hotel office, although he remained outside of the door. There were two men in the office, the night clerk and porter, I suppose, and the way they looked at me as I walked up to the desk was not reassuring. I took off my hat, thereby disclosing a liberal admixture of shavings in my hair, put down every one of my five dollar bills on the desk, and asked, "Can you let me sleep here to-night? I'm tired out and cold, and if you won't let me have a bed, will you let me lie on the floor?" There was a good fire in a big air-tight stove, and the office was nice and warm.

It took but a glance for the experienced clerk to know the value of my money, and he assured me that I could have whatever I desired. I desired something to warm me up, the first thing, if I could get it. I got it, and also got a double one which I took out to the officer, who had remained outside to see how I got along. He declined to drink when on duty, but I put the big tumbler down on the top of a stone post, and looked away off up street. When I reached for the tumbler it was empty, and probably the officer threw the contents away. He bade me "Good morning, young man," very pleasantly, and went on his way.

I paid for a room and breakfast at the Winthrop House, and the clerk at my entreaty changed another of my Vermont bills for Boston money, so that I could be sure of being able to buy a railroad ticket for home. He was a very pleasant man, and when I expressed wonder at how the watchman and policeman had so quickly guessed I was from the country, he laughed and said it was indeed strange how they would see into things sometimes. I got home all right at last, having passed another Rutland note at the ticket office in the Eastern depot in Boston. I offered it just to see if it would go, and had other money ready in case it was refused. There were four or five extra clerks in the ticket office all studying Bank Note Detectors and supplements, but my bill was accepted, the Bank of Rutland having not yet suspended, or at least, no notice having been received of its suspension.

After I got home a business friend of father's exchanged all my money for Portsmouth bills. Within a few weeks every bank in the country had suspended, and all bills were alike—that is, all bills on really good banks, for the strongest and most conservative banks had to suspend specie payments with the rest, in self defense. There was legislation about the matter, and things financial got straightened out at last, although many of the weak banks went to the wall permanently, and holders of their currency lost heavily.

But in all that disastrous panic year—and as I remember it there was an immense deal more suffering that winter than there has been during the recent one—I do not believe there were many who suffered more, bodily and mentally, than I did for six or eight hours, with a good wad of good State bank notes in my pocket. That's why I'm glad we're not to have 'em again. Do you wonder?

And the *Times* man, replying that he didn't, retired to his boudoir and from his notes wrote out the foregoing.

BANKS—INSOLVENCY—SET-OFFS—DEPOSITS.

SUPREME COURT OF NORTH CAROLINA.

Davis v. Industrial Manufacturing Co., et al.

Since Code, § 668, authorizes the receiver of an insolvent corporation to sue for debts due it, either in his own or its name, his complaint in his own name is subject to all legal or equitable counterclaims against the corporation.

Code, §§ 669, 670, providing that in winding up the affairs of insolvent corporations the court shall make such orders as justice and equity shall require, and direct how claims shall be proved, apply to the adjustment of the claim of an insolvent bank and its debtor, who is also a depositor.

When a bank closes its doors, and commits an act of insolvency, its deposits, whether on account or certificate, at once become due, without demand or notice, and are to be set off against the depositor's debt due the bank.

A claim for pay for services, due before a bank closes its doors, is a set-off to a liability on bills discounted.

One of several indorsers on a note to a bank, which, with the principal maker, becomes insolvent, is entitled to set off his deposit in the bank, as against his contributive share of the note; and, in justice and equity, the receiver must adjust such share in view of the solvency *vel non* of the other indorsers.

BURWELL, J.—The plaintiff is the receiver of a banking corporation, the insolvency of which is alleged. Immediately before his appointment as such receiver, the bank made to him a general assignment of all its property for the benefit of its creditors. In the proceedings instituted to effect a winding-up of its affairs, in which, as stated above, the plaintiff was appointed receiver, it was adjudged that that assignment was "in contravention of the laws of North Carolina in such cases made and provided." By that adjudication, as seems conceded, his title to the assets, as assignee, was destroyed, and thereafter he held them merely in his capacity as receiver. These proceedings were instituted, and this appointment was made, on June 19, 1893, in the Superior Court of New Hanover County. It appears from the record that on July 11, 1893, the plaintiff was again appointed receiver of the bank, in a proceeding instituted in the Superior Court of Wake County by the public treasurer, under the provision of chapter 155 of the Laws of 1891, which, in certain contingencies, directs him to take such action "for the purpose of winding up and settling the affairs" of a bank incorporated by the laws of this State. In our consideration of the questions presented by this appeal, we will assume that the latter proceedings are in aid of the proceedings instituted by the creditor in the court of New Hanover County and that the plaintiff has been continuously and uninterruptedly the receiver of the Bank of New Hanover from June 19, 1893—the date of his first appointment. It is to be borne in mind, then, that he is not the assignee of an insolvent, empowered to collect and distribute the assets of his assignor according to the terms of the deed of assignment, so far as its provisions are not inconsistent with the law. He is an officer of the court, appointed to "settle and wind up" the affairs of the insolvent bank, and to that end is invested, *sub modo*, with the title to the bank's assets, and is authorized by statute (Code, § 668) to bring suits to collect debts due to it, either in his own name, or in the name of the corporation. Prior to the enactment of this statute, and the merging of the courts of law and the courts of equity into one tribunal, having jurisdiction of both legal and equitable rights, a receiver appointed by a court of equity, and holding the relation that plaintiff holds to the corpora-

tion, its assets, and its debtors and creditors, could not maintain in his own name a suit on a note due to the bank, and in his hands as receiver. (*Battle v. Davis*, 66 N. C. 252.) In *Gray v. Lewis*, 94 N. C. 392, it was decided that, as well because of the change in the system of our courts as because of the statute, the receiver might sue either in his own name, or that of the insolvent corporation. In whichever name he may elect to bring the action, it is essentially a suit by the corporation, prosecuted by order of the court, for the collection of the assets; and the rights of the defendant cannot be altered or destroyed by his choice to sue in his own name, rather than in that of the bank. In it may be adjudicated all the rights of the bank, its creditors, and the defendant debtor, both legal and equitable, pertaining to the matters set out in the pleadings; and such a judgment may be entered as will enforce the rights of the general creditors, and also protect any equities that the defendants, jointly or severally, may be entitled to by reason of their being depositors in the bank as well as debtors thereto. In the statutes of this State which relate to the winding up of the affairs of insolvent corporations there is no specific direction as to mutual debts and credits. It is said, however, that in the proceedings there shall be made such "orders, injunctions and decrees as justice and equity shall require" (Code, § 669), and that the court shall direct the manner in which debts against the corporation shall be proved (Code, § 670). In the settlement of the estates of insolvents, it is necessary that there should be some general rule by which it may be determined what is the provable debt, in cases where the creditor is also a debtor to it, either as principal or surety. That rule must be such as equity and justice require, and, when made, must control the demands of the receiver in such cases as that which we now have under consideration; for if, from the claims of an insolvent creditor of the bank, he shall be allowed to demand a deduction, before proof, of whatever the claiming creditor owes the bank, no matter whether as principal or partner or surety or guarantor, and to allow a dividend only on the net amount after such deduction, equity and justice will require that the same principle shall be applied when, as here, the receiver seeks not to avoid the payment of an excessive dividend, but to collect a debt due to the insolvent bank, and the debtor asks that the court's officer (the receiver) will require him to pay, not the gross sum that he owes, as principal or partner or surety or guarantor, but the net amount after deducting from all the demands against him, of whatever nature, the sum due to him from the bank.

It may be well here to note precisely who are meant by "debtors" and "creditors" of the insolvent bank, as the terms are used in this discussion of the rules of equity that should control the settlement of its affairs. By "debtors to the bank" are meant all those who, at the appointment of the receiver, were liable to the bank for the payment of money (whether their liability had matured or not), and without any regard to the exact nature of the liability (whether as principal or surety). The word, as here used, does not include those who become indebted to the receiver, for the same reason that a person who has become indebted to an administrator of an insolvent estate is not considered a debtor to the intestate, and allowed to set up against that debt a debt due from the deceased to him. He owes the administrator, while the estate owes him. (*Pate v. Oliver*, 104 N. C. 458, 10 S. E. 709; *Rountree v. Britt*, 94 N. C. 104; *Mauney v. Ingram*, 78 N. C. 96.) Nor is it intended to include stockholders or officers of the corporation against whom the receiver may be directed to bring actions to recover sums due for subscription for stock, or other like claims. In all matters pertaining to set-off, such indebtedness or liability as that last named is considered as due strictly

to the receiver, and not to the corporation. By "creditors of the bank" are meant those to whom the bank was indebted at the date of the appointment of the receiver, whether the debts were then due or not. The creditor may thereafter assign his claim, but the assignee will hold it subject to the receiver's right to set off against it claims he holds against the creditor, as stated heretofore. If the assignee of the claim is himself a debtor to the bank, he will not be allowed to use the assigned claim as a set-off. (*Brown v. Brittain*, 84 N. C. 552.)

Having thus stated what we here mean by debtors and creditors of the bank, we declare that, in our opinion, equity and justice require that the receiver, when he comes to make a settlement with one who is a creditor of the bank, shall deduct from his credit all those sums for which he is debtor; and, when he settles with a debtor to the bank, he shall allow him credit for all sums for which he is a creditor of the bank. Applying this rule to the case now before us, we find that the defendant, Henry P. West, is a creditor of the bank in two accounts: First, by a deposit subject to check; and, second, by a certificate of deposit, bearing interest at 4 per cent., dated May 13, 1892, "payable to the order of himself, after thirty days' notice, on return of this certificate properly indorsed." To the extent of these two deposits, he is a creditor. In a certain sense, he may be said to be a debtor to the bank for the whole amount of the note, on which he is one of the eight indorsers. If it is true that the principal debtor, the Industrial Manufacturing Company, is wholly insolvent, and that the receiver will not be able to collect anything on this note from it, then the true debt of the defendant West to the bank is one-eighth part of the whole amount, and also his proper proportion of what his co-sureties fail to pay, and cannot be made, by execution, to pay; and we hold that the receiver should be directed to adjust and settle the said true indebtedness of the defendant West by setting off the same against his aforesaid claims against the bank. It is to be assumed that the receiver, when an execution is issued in his favor, will direct the sheriff, in such cases as this one, to seize and sell the property of the principal debtor, and not direct steps to be taken against the sureties, unless necessary, and against the sureties only as is equitable and just.

In *Morse on Banks and Banking* (section 338), it is said: "Where the bank itself stops payment, and becomes insolvent, the customer may avail himself, in set-off against his indebtedness to the bank, of any indebtedness of the bank to himself, as, for example, the balance due him on his deposit account. So, also, even though the debt to him has not matured at the time of the insolvency. The maker or indorser of a note falling due after insolvency may set off his deposit, or a debt due him at the time of the assignment, but not a claim coming to him after the assignment." By the expression, "coming to him after the assignment," is meant, purchased or otherwise acquired after the assignment. The principle announced being that decided by this court in *Brown v. Brittain*, *supra*. In the settlement of the affairs of an insolvent National bank, the indorser of a note in the hands of the receiver was allowed to set-off against his liability on this note his deposits in the bank. (*Yardley v. Clothier*, 51 Fed. 506; overruling *Armstrong v. Scott*, 36 Fed. 63.) If an indorser has this right of set off, any one or more of several indorsers must certainly have the same right. The National Banking Act contains no express provision as to set-off in cases of insolvency of a bank. In *Re Middle Dist. Bank*, 9 Cow. 414, note, Chancellor Walworth said: "If the real debtor is unable to pay, and the receiver is compelled to resort to the indorser, who is eventually to be the loser, he has the same equitable claim to set off bills which he had at the time the bank stopped payment. But no such effect should be allowed to an indorser,

where he is indemnified by the real debtor, or where the latter can be compelled to pay." The rule thus stated by the learned chancellor seems to us eminently just and equitable. It was applied by him to the settlement of the affairs of a bank of issue. The Bank of New Hanover was not a bank of issue, but of deposit and discount. But we know of no reason why it should not effect an equitable result as well where the indebtedness of the insolvent bank consists of accounts and certificates of deposit as where its liabilities were represented by bills.

If it be said that no action would lie on the deposit, which was subject to check, until after demand and refusal, it is to be replied that the same is true of an action on bills of a bank of issue. But we think that the effect of the insolvency of the bank, and its closing of its doors and stoppage of business, and attempting to assign all its property to the plaintiff, was to make all its deposit accounts and all its certificates of deposit at once due, without any demand or notice. *Seymour v. Dunham*, 24 Hun. 93, was an action by the assignee of an insolvent bank against the maker of a note, who asked that he be allowed to set off a certificate of deposit payable to his order "on return of the certificate properly indorsed, with interest at the rate of 5 per cent., if left four months." We adopt as pertinent here what was said there: "The argument of the plaintiff is that such a deposit is not due until demand; that, as no demand has been made before the assignment, the deposit was not then due, while the note was due; and, therefore, that the deposit is not a set-off. There is no doubt of the general principle that an action cannot be maintained for money thus deposited until after demand, and the reason for that is that a right of action does not arise until there has been a breach of contract, and in cases of such a deposit, a breach of contract does not take place until a refusal of payment. But the plaintiffs, as I think, err in arguing that, because a demand is necessary before an action can be brought, therefore the indebtedness is not presently payable. The depository may lawfully pay the debt at any time. He could not do this if it were a debt payable in the future. The depositor may lawfully demand the debt at any time. He could not do this if it were a debt payable in the future. A debt payable in the future is one which neither the debtor has a right to pay, nor the creditor has a right to demand, instantly. That is not the case with such a deposit. There is no future day, till which the respective rights of the parties are postponed. The creditor may demand payment at any time, and therefore the deposit is a debt payable *in presenti*. Let us suppose that Pratt (the banker), instead of making an assignment, had sued Dunham (the debtor) on the past-due note. Can it be doubted that Dunham might have set off in such action the deposit, producing and surrendering the certificate? Could Pratt (the banker) have objected, in opposition to such a set-off, that Dunham had not made a demand for the deposited money before the day when Pratt commenced his action? The reply to such an objection would have been that a demand was only for the depository's protection, when called upon to pay, but that no demand was needed when the deposit was to be used only as a set-off or defense." The fact that in one case the certificate of deposit was payable "after thirty days' notice," and not immediately after demand, cannot make the language above quoted inapplicable here. But, besides all this, it must be considered that when a bank of deposit closes its doors, and abdicates its functions, as the Bank of New Hanover did, all its deposits whether evidenced by book accounts, or certificates such as the defendant West holds, became, *eo instanti*, due. Why demand that which it had thus emphatically declared it could not and would not pay? Why notify the insolvent bank that after thirty days a demand would be made?

On whom should the demand be made? To whom should the notice be given? The law does not require the doing of "vain things." The failure to do them is not allowed to prevent the enforcement of just rights. We do not think that the principle announced in *Adams v. Bank*, 113 N. C. 332, 18 S. E. 513, cited by plaintiff's counsel, has application here. We are not considering the lien of a bank upon the deposit of its customer, but the rights of a depositor in an insolvent bank, that has stopped business, to treat his deposit as due, and to demand that there shall be an accounting, and that the difference between all the debits and all the credits shall be considered by the receiver—the officer of a court of equity—as the true debt due from him to the bank.

It is not necessary here to discuss the legal rules which are adopted by the courts when the defendants in an action seek to enforce a claim which they, or some of them, have against the plaintiffs, or some of them, further than to say that if the Bank of New Hanover, not being insolvent and in the hands of a receiver, had itself brought this action, we can see no reason why each one of the defendant depositors should not be allowed to set up against the claim of the bank what the bank owed him either on account or by certificate. The objection of the bank to such an allowance of credit would seem most unreasonable, and to indicate a purpose not to conduct its business as solvent banks do. Such an objection would not be raised by a solvent banking institution. No objection would be likely to come from the principal debtor, or the other sureties. If it did come from either, the reply would be, "Pay all the debt, then, yourselves, if you do not wish to account with your co-defendant after he has paid it by surrendering his own individual bank deposit." There would be no such multiplicity of issues raised as would make it inconvenient or impracticable to try all of them in one action. The tendency of the Code practice is towards the enlargement of the number of rights that may be adjusted in one action. (*Sloan v. McDowell*, 71 N. C. 356.) The court, being a court of equity as well as of law, adjusts its judgment or decree to enforce and protect all the rights of all the parties, and each right of each party, as far as they can be declared upon the pleadings, issues, and verdict. (*Clark v. Williams*, 70 N. C. 679; *McNeill v. Hodges*, 105 N. C. 52, 11 S. E. 265).

What is said above applies also to the deposit account and the certificates of deposit set up by the defendant Bellamy. His claim for services was due from the bank to him before its insolvency, and must be counted as a part of the set-off available to him in settlement of the claim of the bank against him.

We hold, therefore, as we have heretofore stated, that, while the judgment against all the defendants for the amount of the note and costs was proper, it should have been so framed as to contain a direction to the receiver to allow the defendants West and Bellamy to avail themselves of their respective claims against the bank set out in the answer, in settlement of what each of them is required to pay to satisfy this judgment. If the principal debtor is wholly insolvent, and the receiver can get nothing by his execution against it, and all the co-sureties are solvent, then, as has been said, each of these defendants will be allowed to pay one-eighth part of the judgment in that way. If any one or more of the sureties are insolvent, the proportion of the judgment to be adjusted in this way by these two depositors, West and Bellamy, will be increased. The receiver should be directed to proceed in the collection of his judgment in accordance with the principle herein announced, and to allow the set-off of the defendants West and Bellamy to the extent indicated above. Modified and affirmed.—*Southeastern Reporter*.

LIABILITY OF A NATIONAL BANK AS STOCKHOLDER
IN A SAVINGS BANK

SUPREME COURT OF CALIFORNIA.

Kennedy v. California Savings Bank.

Where a National bank holds stock in a savings bank, and receives dividends thereon, it is estopped, in an action against it to enforce its liability as such stockholder to a depositor in the savings bank, from claiming that it is *ultra vires* for it to hold such stock, in the absence of a statute expressly prohibiting it.

HARRISON, J.—During the year 1891 the plaintiff deposited with the California Savings Bank, one of the defendants herein, different sums of money, for which the said defendant issued to him its several certificates of deposit, amounting, in the aggregate, to \$45,000. On the 12th of November, 1891, the plaintiff demanded of the savings bank payment of the amount of said certificates, and, upon its refusal, brought this action, making the other defendants parties to the action, for the purpose of recovering from them their proportion of said indebtedness as stockholders in the California Savings Bank. Judgment was recovered against the savings bank for the full amount of the claim, and against the other defendants for their respective proportions thereof, as such stockholders. The California National Bank, one of the defendants, has appealed upon the ground that, by virtue of the statutes under which it is organized, it had no power to become a stockholder in another corporation, and that its act in becoming such stockholder is so far *ultra vires* that it cannot be made liable for any portion of the indebtedness of the corporation. The California Savings Bank was organized January 13, 1890. September 10, 1890, 990 shares of its capital stock were issued to J. W. Collins, cashier of the California National Bank, and on January 2, 1891, the certificates representing these shares were canceled, and one certificate therefor was issued to the California National Bank, and was thereafter held by it until after the commencement of this action. During this period, two dividends upon this stock were paid by the savings bank to the appellant. The defense of *ultra vires* is looked upon by courts with disfavor whenever it is presented for the purpose of avoiding an obligation which a corporation has assumed, merely in excess of the powers conferred upon it, and not in violation of some express prohibition of the statute. Courts are inclined to treat the corporation as estopped from setting up this defense in all cases where it has received and retains the benefit of the transaction, and seeks by this plea to avoid its correlative obligation. In *Evans v. Bailey*, 66 Cal. 112, 4 Pac. 1089, an action was brought against the stockholders of the California Fruit and Meat Shipping Company to recover from them their respective proportions of certain indebtedness to the plaintiff of that corporation. One of these defendants was the People's Ice Company, another corporation, which held a thousand shares of the capital stock of the corporation debtor; and, to its objection that it was *ultra vires* for it to hold stock in another corporation, it was held that, as it did not appear that it was not within the scope of its power to hold stock in the defendant corporation under any circumstances, or for any purpose, and as the circumstances under which it had acquired the stock were not shown, the defense could not be maintained. There is no provision in the statute

by which a National bank is expressly prohibited from becoming a stockholder in another corporation; and while it may be conceded that its subscription to the shares of another corporation would be so far in excess of the powers conferred by the statute under which it is organized that its executory contract therefor would not be enforced, it by no means follows that, if such contract is executed, and it has been registered as such stockholder, it is not entitled to a voice in its corporate management, or to its share of the corporate earnings, while the corporation is in existence, or of its assets upon a dissolution thereof. It may take shares in another corporation as collateral security for a loan made by it, and, if the loan is not paid, it may become the owner of those shares, and have them registered in its name upon the books of that corporation; and in such a case it is subject to the same liabilities as any other stockholder. In *Bank v. Case*, 99 U. S. 628, the bank had become a stockholder in another corporation under such circumstances, and it was held to be liable for its proportion of the debts of the corporation in which it had been a stockholder, although it had transferred the stock to one of its clerks for the purpose of avoiding such liability. As the appellant herein could have taken the stock of the savings bank in satisfaction of a loan for which it had been pledged to it as security, it was within the scope of its power to become a stockholder therein, so that it cannot be said that it was prohibited by statute from becoming such stockholder. Having caused itself to be registered upon the books of the corporation as a stockholder, any person dealing with the corporation would be justified in assuming that it had become such stockholder by virtue of a transaction within its power, rather than in violation of the laws of its creation, and, so long as it held itself out as such, it ought not to be permitted to defend against its liability as such stockholder by showing that it had become such in violation of law. "Strangers are presumed to know the law of the land, and they are bound, when dealing with corporations, to know the powers conferred by their charter. These are open to their inspection, and it is easy to determine whether the act is within the scope of the general powers conferred for that purpose; but they have no access to the private papers of the corporation, or to the motives which govern directors and stockholders, and no means of knowing the purposes for which an act that may be lawful for some purposes is done. The very fact that the appointed officers of the corporation assume to do an act in the apparent performance of their duty, which they are authorized to perform for the lawful purposes of the corporation, is a representation to those dealing with them that the act performed is for a proper purpose, and such is the presumption of the law; and, upon this presumption, strangers, having no notice in fact of the unlawful purpose, are entitled to rely." (*Ditch Co. v. Zellerbach*, 37 Cal. 587.) The appellant has not repudiated the agreement under which it received the stock, but still retains it, and, so far as is shown by the record, claims to be owner of it, and to share in all the earnings and assets of the corporation. During the period that it has claimed to be such owner, it has received dividends out of the assets of the savings bank, and to that extent diminished the corporate property which otherwise might have been appropriated in satisfaction of the plaintiff's claim. (See *Mitchell v. Beckman*, 64 Cal. 117, 28 Pac. 110.) Having had the benefit of the transaction, and still enjoying its fruits, it is estopped from denying a liability which is correlative to such benefit and fruits, and dependent thereon. See *Morse, Banks*, § 735. The judgment and order are affirmed.

We concur: Garoutte, J.; Paterson, J.—*Pacific Reporter*.

FAILURE OF BANK AFTER COLLECTION—RIGHTS
OF PAYEE.

SUPREME COURT OF WISCONSIN.

Nonotuck Silk Co. v. Flanders.

One for whom a bank had collected a draft before it failed is not entitled to a preference over other creditors, if the bank had disposed of the proceeds before the assignee came into possession. Orton, C. J., dissenting. (*McLeod v. Evans*, 28 N. W. 173, 214, 66 Wis. 401; *Francis v. Evans*, 33 N. W. 93, 69 Wis. 115; and *Bowers v. Evans*, 36 N. W. 629, 71 Wis. 133—overruled.)

CASSODAY, J. (after stating the facts).—The amount involved is small, but the case is important by reason of others dependent upon it, and the nature of the question involved. It appears that A. C. Probert was the sole owner of the Bank of Washburn; that June 7, 1893, he failed, and his bank closed its doors; that June 26, 1893, he made a voluntary assignment of all his property to the defendant for the benefit of his creditors. There is some force in the suggestion that the receiving of Lemke's check in payment of the plaintiff's draft on him, held by Probert's bank for collection, and the sending to the plaintiff of a draft made by Probert's bank on the Chicago bank for the amount of such collection, four days prior to such failure, was nothing more than the substitution on the books of Probert's bank of a credit to the plaintiff, or to the Chicago bank, for the amount, in lieu of the former credit for the same amount to Lemke. But it appears that, at the time of giving the check, Lemke had funds in Probert's bank to the amount of the check, and hence the transaction would seem to be substantially the same as though Lemke had actually drawn the money on the check, and then immediately handed the same back in payment of the draft on him in favor of the plaintiff, and then held by Probert's bank for collection; and that Probert's bank then retained the money so paid in by Lemke, and in lieu thereof sent to the plaintiff its draft on the Chicago bank, as mentioned in the foregoing statement. As therein indicated, the money so represented by the check was, with other moneys, used up in paying the debts of Probert, so that no part of that money or the proceeds of that collection, either in the shape of money or of property of any kind, ever came into the hands of the defendant, as such assignee. Such being the facts, it is manifest that the plaintiff is not here reclaiming his own property intrusted to Probert's bank, nor the avails or the proceeds thereof, but is here claiming a preference over other creditors out of other assets and property of Probert received by the defendant by virtue of such assignment. Certainly, there is no statute in this State giving any such preference, nor any authorizing an insolvent debtor, by way of a voluntary assignment, to give such preference. (Laws 1883, c. 349; Laws 1885, c. 48; sections 1693a., 1693c., Sanb. & B. Ann. St.) It follows that, if the plaintiff is entitled to such preference at all, it must be by virtue of some established principle of equity or the common law.

The early English cases only went to the extent of holding, in effect, that the owner of property intrusted to an agent, factor, bailee, or other trustee could follow and retake his property from the possession of such trustee, or others in privity with him, and not a *bona fide* purchaser for value, whether such property remained in its original form, or in some

different or substituted form, so long as it could be ascertained to be the same property, or the product or proceeds thereof, but that such right ceased when the means of ascertainment failed, as when the subject of the trust was money, or had been converted into money, and then mixed and confounded in a general mass of money of the same description, so as to be no longer divisible or distinguishable. This is apparent from the opinion of Lord Ellenborough, C. J., written nearly eighty years ago, reviewing the adjudications prior to that date. (*Taylor v. Plumer*, 3 Maule & S. 575.) But the more recent rule in England as to following trust moneys is broader, and goes to the extent of holding, in effect, that "if money held by a person in a fiduciary character, though not as trustee, has been paid by him to his account at his banker's, the person for whom he held the money can follow it, and has a charge on the balance in the banker's hands;" that "if a person who holds money as a trustee, or in a fiduciary character, pays it to his account at his banker's, and mixes it with his own money, and afterwards draws out sums by checks in the ordinary manner, . . . the drawer must be taken to have drawn out his own money, in preference to the trust money." *In re Hallett's Estate* (*Knatchbull v. Hallett*), 13 Ch. Div. 696, overruling some former English cases. In that case there was no dispute but what the money received by the trustee for the property wrongfully converted was deposited with his bankers to the credit of his account, and that the same "remained at his banker's, mixed with his own money, at the time of his death." But in the leading opinion, by Jessel, M. R., in that case, and by way of quoting Mr. Justice Fry approvingly, it is said: "The guiding principle is that a trustee cannot assert a title of his own to trust property. If he destroys a trust fund by dissipating it altogether, there remains nothing to be the subject of the trust. But, so long as the trust property can be traced and followed into other property, in-to which it has been converted, that remains subject to the trust." (*Id.* p. 719.) That case is as favorable to the claim of the plaintiff as any in the English courts; and yet it nowhere sanctions the proposition that the owner of the property or money intrusted is entitled to a preference over other creditors of an insolvent estate out of property or assets to which no part of the trust fund, or the proceeds thereof, is traceable. All such cases turn upon the question of fact whether the trust property, or fund, or the proceeds thereof, are traceable into any specific property or fund. (*Ex parte Hardcastle* (*In re Mawson*), 44 Law T. 524.) Thus, *in re Cavin v. Gleason*, 105 N. Y. 256, 11 N. E. 504, it was held that, "to entitle the trust creditor to such a preference, it must, at least, be made to appear that the fund or property of the insolvent, remaining for distribution, includes proceeds of the trust estate." To the same effect, *Atkinson v. Printing Co.*, 114 N. Y. 168, 21 N. E. 178; *Holmes v. Gilman*, 138 N. Y. 376, 34 N. E. 205. In *Little v. Chadwick*, 151 Mass. 110, 23 N. E. 1005, the court said: "When trust money becomes so mixed up with the trustee's individual funds that it is impossible to trace and identify it as entering into some specific property, the trust ceases. The court will go as far as it can in thus tracing and following trust money; but when, as a matter of fact, it cannot be traced, the equitable right of the *cestui que* trust to follow it fails." To the same effect are *Goodell v. Buck*, 67 Me. 514; *Steamboat Co. v. Locke*, 73 Me. 370; *Englar v. Offutt*, 70 Md. 78, 16 Atl. 497; *Thompson's Appeal*, 22 Pa. St. 16; *Columbian Bank's Estate*, 147 Pa. St. 440, 23 Atl. 625, 626, 628; *Appeal of Hopkins* (Pa.) 9 Atl. 867; *Bank v. Goetz*, 138 Ill. 127, 27 N. E. 907; *Neely v. Rood*, 54 Mich. 134, 19 N. W. 920; *Sherwood v. Bank*, 94 Mich. 78, 53 N. W. 923; *Elevator Co. v. Clark* (N. D.) 53 N. W. 175; *National Bank v. Insurance Co.*, 104 U. S. 54, 68; *Peters v. Bain*, 133 U. S. 670, 693, 10 Sup. Ct. 354;

2 Story Eq. Jur. §§ 1258, 1259; 2 Pom. Eq. Jur. § 1058; 1 Lewin, Trusts (1st Am. Ed.) 241.

In speaking of following trust moneys into other property, it is stated in one of the New York cases cited that, "the right has its basis in the right of property." It never was based upon the theory of preference by reason of an unlawful conversion. This is made clear by a recent and well-considered opinion by the Supreme Court of Rhode Island. (*Slater v. Oriental Mills*, R. I., 27 Atl. 443.) It follows that the mere fact that Probert's bank used the plaintiff's money towards paying its indebtedness, before making the assignment, did not authorize a preference to the plaintiff, over Probert's other creditors, out of his other property and assets. This is made plain by an illustration having judicial sanction in the case last cited: "Suppose that an insolvent debtor, D., has only \$1,000 of property, but is indebted to the amount of \$2,000, one-half of which is due to A., and the other half to B. In this condition of things, D's property can only pay 50 per cent. of his debts. By such distribution, A. and B. would each be equitably entitled to \$500. Now, suppose D., while in that condition, collects \$1,000 for F., but instead of remitting the money, as he should, he uses it in paying his debt in full to A. By so doing, D. has not increased his assets a penny, nor diminished his aggregate indebtedness a penny. The only difference is that he now owes \$1,000 each to B. and F., whereas he previously owed \$1,000 each to A. and B. Now, if F. is to have preference over B., then his claim will absorb the entire amount of D.'s property, leaving nothing whatever for B. In other words, the \$500 to which B. was equitably entitled from his insolvent debtor, upon a fair distribution of the estate, has, without any fault of his, been paid to another, merely in consequence of the wrongful act of the debtor." *Id.*, and dissenting opinion in 69 Wis. 123. See, also, *McClure v. Board* (Colo. Sup.) 34 Pac. 763. We must hold that the plaintiff has no legal right to a preference over Probert's other creditors in the distribution of his estate in the hands of the defendant, as assignee, and into which no part of the plaintiff's money has been traced.

This is not a mere question of practice, nor the construction of a local statute long acquiesced in, but is a question of general equity jurisprudence; and it is very important to the people of the State that this court should, at least on such questions, adhere to the principles of the common law so well established as to become elementary. It is especially essential that the State and Federal courts, on such questions, should be in harmony. In so far as *McLeod v. Evans*, 66 Wis. 401, 28 N. W. 173, 214; *Francis v. Evans*, 69 Wis. 115, 33 N. W. 93; and *Bowers v. Evans*, 71 Wis. 133, 36 N. W. 629—are in conflict with the rules above indicated, they must be regarded as overruled. The order of the Circuit Court is reversed, and the cause is remanded for further proceedings in accordance with this opinion.

ORTON, C. J. (dissenting).—This case is ruled by *McLeod v. Evans*, 66 Wis. 401, 28 N. W. 173, 214; *Francis v. Evans*, 69 Wis. 115, 33 N. W. 93; and *Bowers v. Evans*, 71 Wis. 133, 36 N. W. 629. It was a case of a special deposit or trust or agency. It was the employment of the bank to collect a draft. It ought not to make any difference that the bank embezzled the proceeds. The plaintiff was clearly entitled to be a preferred creditor. If this was the first case of the kind, I might not dissent. I respectfully dissent on the ground that the decision in this case overrules three well-considered and reconsidered decisions of this court. In the long history of this court, there have been very few overruled cases. The interests of the public are best subserved by the stability of decisions. If former cases are to be overruled by every change of the per-

sonality of the bench, we may soon have no line of decisions on important questions, to which the business of the country has been long adapted and adjusted, and everything will become unsettled.—*North-western Reporter*.

LEGAL MISCELLANY.

NEGOTIABLE INSTRUMENT—SALE OF FORGED NOTE.—In an action for damages for the assignment by defendant to plaintiff of a forged note, it is not necessary for plaintiff to show diligence in an effort to collect it to entitle him to recover, even if defendant is sued as an indorser. [*Baldwin v. Trelkeld*, Ind.]

NEGOTIABLE INSTRUMENTS—TRANSFER BY CORPORATE OFFICER.—Where a bank has an arrangement with a corporation whereby the bank agrees to discount notes held by the corporation, and in pursuance of such agreement such notes have customarily been brought to the bank, and been negotiated by the secretary of the corporation, such facts are sufficient evidence of the authority of the secretary to transfer a particular note and of the genuineness of the indorsement upon such note, the proceeds of the note having been placed by the bank to the corporation's credit, and paid out on the corporation's checks. [*Commercial Nat. Bank of St. Paul v. Brill*, Neb.]

BANKS AND BANKING—COLLECTION OF DRAFT—NEGLIGENCE.—In an action against a bank for failure to promptly present a draft drawn by plaintiffs on an insolvent firm, an allegation in the declaration that plaintiffs drew the draft, delivered it to a certain collection agency, procured its indorsement, and "caused said draft, so indorsed, to be sent by mail, together with a statement of their account," to the bank for collection, shows such a direct relation of principal and agent between plaintiffs and defendants as will justify a recovery. [*Finch v. Karste*, Mich.]

NEGOTIABLE INSTRUMENTS—ACCOMMODATION INDORSEMENT.—If one affixes his signature to a printed blank for a promissory note, and intrusts it to another for the purpose of having the blanks filled up, and thus becoming a party to a negotiable instrument, he thereby confers the right, and such instrument carries on its face an implied authority, to fill up the blanks and complete the contract at pleasure, so far as is consistent with its printed words. [*Market & Fulton Nat. Bank v. Sargent*, Me.]

NEGOTIABLE INSTRUMENT—BONA FIDE PURCHASERS—NOTICE.—The fact that the maker of a note told the president of the bank, at the office of a company of which they were both directors, that a certain note had been obtained from him by fraud, will not be held notice to the bank, where it afterwards discounts the note. [*Washington Nat. Bank v. Pierce*, Wash.]

NEGOTIABLE INSTRUMENT—CONSIDERATION.—Where one who is really surety for another gives a promissory note in discharge of the obligation in its original form, and the obligation has already been discharged by the principal debtor, the surety being ignorant of the fact, the note so given by the latter is without consideration, whether the maker had or had not inquired of the principal debtor to ascertain whether the original debt still subsisted or had been paid. [*Pettyjohn v. Liebscher*, Ga.]

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

POWER OF A NATIONAL BANKING ASSOCIATION TO HOLD REAL ESTATE.

A National bank acquires real estate, by purchase to secure debt, June 4, 1888. July 12, 1889, it sells same on an article of agreement, deed to be given when all of purchase money was paid. The balance of purchase money was not all paid June 10, 1893. Is the holding of this real estate at the present time a violation of United States Statutes (National Banking Act) as to acquiring and holding real estate?

REPLY.—We assume that the original purchase of the real estate by the bank was made under the authority conferred upon it by U. S. Rev. Sts. Sec. 5,137. We also assume that, since the sale on July 12, 1889, the vendee has been in possession, for possession is usually given to the vendee in such cases. The question raised, therefore, appears to be, simply, whether the bank, by holding the legal title to the real estate, without holding the possession, from June 4, 1888 to June 10, 1893—being “a longer period than five years”—has violated the prohibition contained in the last clause of the section referred to. This clause is as follows:—“But no such association shall hold the possession of any real estate under mortgage, or the title and possession of any real estate, purchased to secure any debts due to it, for a longer period than five years.” If the bank was not guilty of a violation of the Act in holding the title to the real estate until June 10, 1893, its present holding under the same conditions does not, of course, constitute a violation of the Act.

The answer to our correspondent's question depends upon whether the bank has held the “*title and possession*” for longer than the prescribed period. These are the words of the statute and we are required to construe them. We have not been able to find any cases in which the courts have done this for us. There are no decisions in point. We must therefore construe the Act for ourselves without the light of judicial construction. And we do not perceive any particular difficulty in the matter.

“No such association,” says the Banking Act, “shall hold the *possession* of real estate under mortgage” for more than five years. It then goes on to provide that no such association shall hold “the *title and possession* of any real estate, purchased to secure any debts due to it, for a longer period than five years.” When a bank takes a mortgage for a debt previously contracted, it seems that it may hold the mortgage indefinitely, provided it does not take possession of the mortgaged premises. A mortgagee in possession is a person well known to the law. But in the next clause, which is the one with which we are particularly concerned, we have the words “*title and possession*” used in conjunction. What purpose had the Legislature in using them thus? It seems to us that the framers of the Act contemplated the possibility of a bank's obtaining a good title without the possession. The latter might be held adversely to the bank. And until the title and possession became united in the bank, so that it should be in a position to make a good conveyance to a purchaser and put him

in possession, the Legislature did not intend that the five-year limitation should begin to run. But, although the language employed was well chosen for the purpose of guarding against this difficulty, *i. e.*, a premature beginning of the five-year period, it was not equally well adapted to determining what acts of the bank would put an end to such a holding as the Legislature intended should not continue for a longer period than five years. It looks as if the framers of the Act had failed to provide for cases like the present, in which the title should be separated from the possession, subsequently to their union in the bank. For according to the language of the Act, a bank can avoid a violation of the restriction on its power to hold real estate, by parting either with the title or with the possession before the five years have expired.

Whatever may have been the intention of Congress, or the scheme of the Act, we must take the language as it stands. A violation of the provisions in question may work a forfeiture of the bank's charter. They are, therefore, to be construed strictly in favor of the bank. At any rate, the terms employed are not to be tortured out of their natural and commonly accepted meaning in order to put the bank in fault. And if we take the words "title and possession" in their ordinary senses, it appears that the bank continued to hold the *title* for more than five years; but (assuming as we have that the bank gave possession to the vendee at the time of or soon after making the contract of sale), it also appears that the bank did not hold the *possession* for much more than a year. Consequently there has been no violation of the National Banking Act. We see no escape from this conclusion.

We do not find any authority for saying that the possession of the vendee under such circumstances is the possession of the vendor. On the contrary, possession is taken by the vendee with the understanding of both parties that the occupant shall be the owner (1 *Taylor's Landlord and Tenant* [8th ed.], § 25 and notes), and in equity he so regarded and treated (2 *Story's Eq. Juris.* [13th ed.], § 790 *et seq.*). The ordinary use of the word "possession" is sufficiently disclosed by Taylor and the authorities cited in the notes to which we have referred.

On the other hand, if we were to assume that the bank retained the possession as well as the title, we should say that the bank had been guilty of a clear violation of the Act. The Legislature evidently thought five years a sufficiently long period in which to dispose of the property.

We may add that a violation by a banking association of the provisions contained in Section 5,137 does not give to individuals any rights against the bank. Only the Government can object, acting through the Comptroller of the Currency, under Sec. 5,239. (*Reynolds v. Crawfordville Bank*, 112 U. S., 405; *Bank v. Matthews*, 98 U. S., 621; *Graham v. Nat. Bank*, 32 N. J. Eq., 804).

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money in New York have been as follows:

QUOTATIONS :	August 6.	August 13.	August 20.	August 27.
Discounts	4% @ 5%	4% @ 5%	4% @ 5%	4% @ 5%
Call Loans	1	1	1	1
Treas. balances, coin..	\$73,468,386	\$75,479,813	\$75,829,856	\$76,165,972
Do. do currency.	62,918,766	60,900,335	61,337,110	61,685,052

BANKING AND FINANCIAL ITEMS.

GENERAL.

THE Pennsylvania Academy of Fine Arts has joined with the American Numismatic and Archæological Society, the Architectural League of New York and other institutions, in a movement to obtain new designs for the silver currency. A joint committee, to be selected by the concerns interested will meet in New York next October to consider the advisability of holding an exhibition of ancient and modern coins, so the defects in our currency may be demonstrated. The committee will also propose to the Government that the change in coin designs be made at regular intervals of ten years, and that each new set of designs be typical of the preceding decade. The National Sculptural Society, which is interested in the movement, has offered prizes of \$300 and \$200, respectively, for the best and second best designs for a new dollar, the competition to be held in 1895. These designs will be submitted to Director of the Mint Preston, and by him referred to the Secretary of the Treasury. The Treasury Department has taken no official notice of the proposition of the society, and Mr. Preston has not sanctioned it officially, but in conversation a few days ago he expressed the wish that new designs could be adopted for all silver coins.

A POINT of considerable interest to bankers all over the country is involved in a suit brought by Edward Hawkins, receiver of the Indianapolis National Bank, against the First National Bank of Concord, N. H. At the time of the failure of the Indianapolis National Bank the Concord Bank held \$10 000 of stock in the former institution, which was assessed at its full value. The Concord Bank refused to pay the assessment on the ground that the New Hampshire laws do not allow banks to hold stock in banks outside of the State. The counsel for the bank has this to say with reference to the litigation: "The suit brings up one of the most interesting questions which has ever been raised under the provisions of the National banking act. Under that act no bank has the power to purchase or hold other bank stock as an investment, and the counsel for the bank has taken the position that, if the bank has no power to hold such stock as an investment, it is not liable to an assessment on such stock. This opinion is based upon a recent decision of the United States Supreme Court, and is believed to be exclusive against the power of the receiver to collect an assessment. Counsel has had a conference with Comptroller Eckels at Washington, and it was agreed that the question raised was important, and that if the position of the bank was sustained an amendment of the National banking act would become necessary. It was further agreed with the Comptroller that a friendly suit should be instituted for the purpose of raising the precise question involved and getting an authoritative opinion of the Federal courts on that point."

EASTERN STATES.

LOWELL, MASS.—Extensive improvements have been made at the Five Cent Savings Bank. The tiled floor, which had become worn and uneven, has been taken out and relaid, after the old and rotten timbers had been replaced with new ones, and behind the counter and within the private office of the treasurer a new floor of quartered oak has been laid. In the main banking room the walls have been tinted a rich cream, with a frieze of deep brown in bold relief. Those of the treasurer's office are a light terra cotta, with a deep frieze of a cream shade, having stenciled figures in a dull tint at the top and bottom. The ground glass windows in the counter have been replaced by plate glass, thus making the room lighter. The gas fixtures have been re-bronzed. The wood-work, which is of heavy black walnut, has been sand-papered and re-varnished, giving it a richer appearance. In the treasurer's office there is a new oak roll-top desk. The window panes have been re-painted, and the name of the bank and the hours it is open are on the plate glass in large gilt letters. In the treasurer's office is a window looking out of the corner of the building. Upon this is a striking design of the reverse side of a five-

cent piece upon a shield with the motto below it, "A penny saved is a penny earned," the foundation of all large fortunes.

Haverhill, Mass.—The Haverhill Savings Bank has plans completed for the erection of one of the finest mercantile buildings in the city. The new structure will be thirty-eight feet on Merrimac street, and seventy-seven on West street, and sixty-eight feet high. It will contain five stories, and basement used for heating apparatus, storage, etc. The first two stories front will be of brown stone and the three upper stories of brown stone filled with faced brick. The general style will be Renaissance. Work on the structure will be begun as soon as the old building is demolished, and will be finished some time next year.

Pittsfield, Mass.—The trustees of the Berkshire County Savings Bank have held an important meeting, and accepted the plans of Architect Francis R. Allen, of Boston, for their new block to be built on the corner of North and East streets, on the lot recently purchased of the West heirs, and upon which stood for many years the historic West block. The plans of Architect Allen call for a building six stories high, the first two of Ohio gray sandstone, the remainder of old gold pressed brick. The structure will be fire-proof, everything but the flooring over cement, the window frames and sills being of stone or iron; the stairways will be of iron and marble and an electric elevator will have a ground floor entrance just inside the main front door. The savings bank will occupy the corner on the ground floor and beside there is a big store facing North street for which a tenant has not been decided upon, although there are several applicants. Provision has been made for thirteen offices on each of the remaining floors, and it is understood that the Berkshire Mutual Fire Insurance Company will take the corner of the second floor corresponding to the office they formerly held in the old West block. The lot has a frontage on North street of sixty-five feet and a depth on East street of seventy-one feet. The building will be eighty-one feet high and will be finished alike on the three exposed sides, west, east and south. Work upon it is to begin as speedily as possible, and the construction is left in the hands of the finance committee of the bank, who are Messrs. C. W. Kellogg, L. A. Stevens, W. H. Sloan, Alexander Kennedy and Treasurer Robert W. Adam.

Manchester, N. H.—At the annual meeting of the Manchester Savings Bank held to day, the following resolutions in memory of Hon. Nathan Parker were unanimously adopted:

Resolved by the members of the Manchester Savings Bank at its annual meeting held the 25th day of July, 1894, that in the death of Hon. Nathan Parker, its treasurer from its organization in 1846, for more than thirty-five years, and member or officer during its whole existence until his death on the 7th of May last, the corporation has met with irreparable loss. The phenomenal success which has attended the corporation from its start, is due largely to his entire and persistent devotion to its interests, his sagacity and wisdom in its management, his skillful and conservative direction of its affairs and his wise and prudent investment of its funds. From the day of its small beginnings he witnessed with honest pride and complete satisfaction from year to year its slow, sure and permanent growth and expansion, until its resources amount to nearly eight million dollars and the number of its depositors were then thirteen thousand. During the nearly half century of his connection with the corporation, fifty six thousand men, women and children intrusted to his keeping their savings, aggregating forty million dollars, with the utmost confidence in his integrity, and with perfect trust in his skill and wisdom to safely invest and manage the same. He gave to the interests intrusted to his keeping his best thought, care, skill and attention, and was so successful in the management of the business of the corporation that the total of its losses has been insignificant. He had a rare appreciation of the sacredness of trust funds, and never suffered himself to be led into reckless investments by the alluring prospects of large returns. His integrity was never questioned. His life was pure, his reputation was unspotted, his record clean. In disposition he was affable, in manners and bearing kindly and pleasing. Always approachable, yet he was firm in his convictions and steadfast and conscientious in the discharge of duty. With no enemies he was spared to enjoy in his serene old age the respect and gratitude of thousands whose faithful servant he had proved himself to be. *Resolved*, that

these resolutions be spread upon the records of the corporation and a copy transmitted by the president to his son and successor in the office of treasurer. The bank elected the following officers for the ensuing year: President, Charles D. McDuffie; treasurer, Walter M. Parker; trustees, Charles F. Warren, Hiram Hill, S. N. Bourne, Frederick C. Dow, Walter M. Parker, W. B. Stearns, Isaac W. Smith and John C. Ray. The officers are all the same as those of last year, with the exception of John C. Ray, who succeeds the late Hon. Nathan Parker as one of the trustees.

ELIZABETH, N. J.—The First National Bank Building, at the corner of Broad and West Grand streets, which has for some time past been undergoing extensive alterations, is nearly completed. The bank proper is finished, and the business, which has been temporarily conducted in the Dix structure, was removed back to the old quarters, which have been transformed into a thing of beauty, and is, without doubt, one of the handsomest and cosiest in the State. The floors are of tile, the furniture of oak, beautifully carved and handsomely trimmed with oxidized trimmings, while the walls are decorated in pleasing colors with just enough gold here and there to give a rich effect. A handsome oaken staircase leads to a gallery on the floor above, the gallery being ornamented with an oxidized rail of rich design. A large vault opens into this gallery. The president's and directors' room is situated in the front facing on Broad street, and is furnished in oak. The entrance to the bank being on a level with the street, is a great improvement, heartily appreciated by depositors.

NEW YORK.—There is a disposition on the part of the New York banks to avoid having recourse to the Treasury in connection with shipments of currency West and South. If they can comply with the requirements of their country correspondents without being obliged to give up their gold in exchange for small notes, they will strain several points to do so.

NEW YORK CITY.—In these days of high buildings that seem to be on the point of poking their roofs into the planets of the solar system the new building of the New York Clearing House will not be particularly imposing so far as altitude is concerned. It is to be only three stories in height, 94 feet long and 87 feet wide, but it will make up in quality and beauty what it lacks in height and quantity. The site of the structure is at 77 to 83 Cedar street. The building is to be of white marble, in Italian Renaissance style, and, as it is to be detached from adjoining structures, the architect has made the most of his greater opportunity of making the structure a thing of beauty. A Corinthian order extends through the two lower stories, serving to preserve masses of solid masonry in the four columns. The building is to be surmounted by an attractive dome, which rises 20 feet above the main structure. Rusticated arched doorways 9 feet wide and 17 feet high will form ample approaches to the building. The Clearing House will use the eastern approach, and the other will be for its sole tenant—a bank, which will occupy the entire ground floor and part of the basement. The administration offices of the Clearing House are to be located on the second floor, and the third story will be devoted to the great clearing room, 80 feet long, where the daily exchanges of the banks of New York City and the payments of balances will be looked after. The New York Clearing House Association, the most important piece of financial mechanism in the United States, if not in the world itself, was organized in 1853. An idea of its enormous business is gained from the fact that in 1891 the total clearings were \$35,363,653,238.81. During the currency famine in the recent financial crisis the association issued Clearing House certificates that passed as money and materially aided in tiding over the money stringency and restoring confidence in the business world.

NEW YORK CITY.—Reference was recently made in the *Evening Post* to the fact that in consequence of a recent decision of the courts in a well-known case, a big Wall Street bank had adopted a rule requiring all banks who were customers of theirs before borrowing of them, or rediscounting any paper with them, to have a resolution passed by their boards of directors authorizing the officers of such banks to borrow or rediscount in behalf of the bank. The decision of the courts in the case in question was that it was a bank's business to lend money rather than borrow, and that the officers of a bank had no right to pledge the bank's credit by

borrowing unless expressly authorized by the board of directors to do so. It was learned that the National Park Bank has not only for the last twelve or fifteen years required the directors of all banks, customers of theirs, before borrowing money of them, to pass a resolution authorizing the officers of the bank to effect such loan or loans, but has required the personal guarantee of each director for the repayment of said loans.

NEW YORK CITY.—We desire to call attention to an advertisement in this number of Mr. Lewis K. Davis, Consulting and Constructing Engineer. He has the best of references, by permission.

BROOKLYN, N. Y.—The National City Bank Building at the corner of Fulton street and Red Hook lane is rapidly nearing completion, and will prove to be one of the finest buildings in the city. It is well known that the National City Bank is justly proud of its new building and is anxious to use only such decorations as will harmonize with surrounding appearances, and to-day the front and side walls appear only in the handsome original surface as designed by the architect.

ROCHESTER, N. Y.—There is reported to be a lively local interest taken in the new State Bankers' Association which was formed at Saratoga. Vice-president Henry C. Brewster, of the State Association, who was temporary chairman at the Saratoga convention, and who with Vice-president William J. Ashley, of the Merchants' Bank, was instrumental in forming the organization, states that the bankers of the Second District, of which Rochester is the headquarters, and which comprises Monroe and adjacent counties, are displaying a great deal of patriotism in the movement, so that ultimate success was assured. Besides Monroe, the following counties are included in the Second District: Wayne, Livingston, Ontario, Seneca, Yates. William J. Ashley is chairman of the executive committee of this district, and he will in a few weeks call the bankers of the several counties together to choose the members of the committee. Vice-president Brewster said that the association would be kept distinct from politics. The principal objects of the organization, as has been before stated, are to promote the general welfare and usefulness of banks and banking institutions, and to secure uniformity of action together with the practical benefits derived from personal acquaintance and from the discussion of subjects of importance to the banking and commercial interests of the State of New York. The purpose of dividing the State into districts, as stated by Mr. Brewster, is to give the association a local bearing and to better promote interest in the association.

PHILADELPHIA, PA.—The surplus of the forty-one National banks in Philadelphia has increased since May 4 to the extent of \$50,000. This additional amount is added by the Independence Bank, which has increased its surplus since May 4, from \$150,000 to \$200,000. The forty-one banks of this city now have an aggregate capital of \$22,765,000, and a total combined surplus of \$14,560,000. Seven banks now have a surplus larger than capital. These are the Bank of North America, Northern Liberties, City, Central, Eighth National, Germantown and Girard. The Tradesmen's, Kensington and Sixth National each have a surplus equal to their capital.

McKEESPORT, PA.—W. H. Fenton was the name given by an individual who attempted to play a confidence game on the officials of the First National Bank. He presented a New York draft given by the First National Bank of Conneaut, Ohio. The draft was originally for \$8, but Fenton had raised it to \$800. His scheme was discovered, and Fenton fled before he could be arrested. The bank is ahead of the schemer the amount of the draft and \$20 he deposited with it.

MONTPELIER, VT.—The report to the Comptroller of the Currency of the condition of the National banks of Vermont, at the close of business, July 18, shows loans and discounts decreased from \$12,787,660 to \$12,317,387; stocks and securities increased from \$1,395,341 to \$1,463,390, gold coin from \$449,518 to \$476,922, total specie from \$608,101 to \$612,565; lawful money decreased from \$887,618 to \$872,233, surplus fund from \$1,676,320 to \$1,636,388; individual deposits increased from \$7,964,162 to \$8,583,687.

WESTERN STATES.

GRAND FORKS, N. D.—The report of State Bank Examiner Peabody upon the State banks of North Dakota shows seventy-one to be doing business at the present time with total resources of \$3,398,170.06. Liabilities the same, with a capital stock of \$1,087,100.00. The number of banks that have declared dividends during the past year is thirty-two, with total dividends declared \$67,670.65, and the average rate per cent. of dividends, 13 1-5. The total profits of the year are \$196,840.99, and the average rate per cent. for the year on the total capital stock is 18 107-1000 per cent.

CHICAGO, ILL.—The heaviest single safe ever set up in Chicago has been shunted on to a massive foundation in the alley just back of the First National Bank Building. It is what is called a coin safe and in its recesses may be stored away gold to the amount of \$8,000,000 at least. This safe comes from Providence, and Tuesday afternoon it was hauled up Dearborn street from the depot by eight powerful horses. They had all they cared to do to pull it along and the heavy wagon fairly groaned under the load. Work on the foundation was begun a week or ten days ago. At a jog in the wall a flight of stairs led up to a back door of the bank, and here the heavily-guarded wagon from the stock yards branch of the institution used to back up for the bags of coin and packages of bills sent out to the yards. The stairway was torn down, and on a deep foundation of concrete an eight-foot stone foundation was built for the new coin safe. After the wagon was backed into the alley Tuesday night a large force of men began the work of jacking the immense safe up to a level with the top of the foundation. Several cords of timber such as house movers use were placed under the body of the wagon and the jack-screws did the rest. Yesterday morning saw the safe in mid air opposite its final resting place! These coin safes are made of chilled steel and iron. The First National Bank has one a size smaller, in its basement, but the one put in yesterday is the heaviest ever brought there. It is in the shape of a globe. Ten men can get into it. It weighs twenty tons and is absolutely burglar-proof as well as fire-proof. The outside is of chilled steel, over a network of chilled steel bars, and buttons are placed all over this interior surface so that a drill meets a button at any point and the button turns with the drill. The door shuts so closely that a hair placed in the aperture cannot be withdrawn after the door is closed. There is an inner shell which swings around when the outer door is opened, giving access to the contents of the safe. Part of the safe will be outside of the building and part inside. A section of the rear wall has been torn out to allow of this, and when the safe is in place the interstices will be bricked up. A perfected time lock will control the door.

CHICAGO, ILL.—At the annual meeting of the stockholders of the Royal Trust Company the following were elected directors: Albert L. Coe, J. W. Butler, A. G. Spalding, Robert Lindblom, Isaac N. Camp, George R. Thorne, Walter H. Wilson, James B. Wilbur and William O. Goodman. J. W. Butler, president of the Butler Paper Company, and one of the oldest merchants in the city, and Walter H. Wilson, well known in both business and real estate circles, formerly being a member of the firm of French, Potter & Wilson, are the new members of the board. The directors elected the following officers: Albert L. Coe, president; James B. Wilbur, vice-president, and Charles S. Dickinson, cashier.

PRINCETON, IND.—The Comptroller of the Currency has granted a twenty-year charter extension to the People's National Bank of this city, from August 11, 1894, to the close of business August 11, 1914. The People's National is one of the solid banking institutions of the country, as has been fully evidenced during the financial stringency the country has suffered for months past, and while similar institutions were forced to the wall, the People's National was at all times free from any semblance of weakness or insecurity. This speaks volumes for the efficient manner in which the bank is officered, and establishes beyond the peradventure of a doubt that its affairs are administered upon scientific business principles. Of such an institution Gibson County can justly feel proud, and its excellent business is a full guarantee of our people's appreciation. The capital stock of the People's National has been increased to \$100,000. Its surplus is \$25,000.

DUBUQUE, IA.—The Iowa Trust and Savings Bank has declared its regular semi-

annual dividend of 4 per cent. payable on demand. This shows the bank to be in a prosperous condition.

DETROIT, MICH.—The annual convention of the Michigan Bankers' Association will be held in Bay City, on Tuesday, Wednesday and Thursday, September 11, 12 and 13, 1894. Bay City banks and bankers are arranging for the entertainment of delegates who may attend the convention and the ladies who may accompany them. You are reminded that under our constitution any National or State bank, banking firm, private banker or trust, mortgage or investment company may become a member of this association, and that each member may send one or more delegates, who may be officers, directors, members of banking firms, or individual bankers, but each member has only one vote and cannot appoint a proxy. It is hoped that each individual, firm, company or bank engaged in the business in this State will send one or more delegates. In this connection a cordial invitation is extended to the ladies, and it is hoped that every delegate who attends the convention will be accompanied by some lady member of his family. There are many questions of importance which can and should be considered at these annual meetings, and as it is expected that the attendance will be large this year, it has been proposed that every bank officer and banker submit, as early as possible, to the secretary any suggestions upon any question which he deems of practical interest. A special committee has been appointed to consider these suggestions and to secure papers and speakers on such subjects as they (the committee) think will be of interest to the greater number. This is intended only as a preliminary announcement of the dates of the convention, so that you may make no other engagement for those dates, and to give you an opportunity to make suggestions of the topics which should be considered. Full details will be given as soon as arranged. Please communicate contents of this announcement to your directors, officers, partners, and to your own and their ladies.

DETROIT, MICH.—The Detroit National Bank needs more room, and there is talk of adding the quarters recently vacated by the Michigan Fire and Marine Insurance Company, at 95 Griswold street. Between the suite of rooms and the bank is the staircase leading to the upper floors of the bank block. The plan is to tear down the staircase and partition walls and throw the offices at 95 and 99 Griswold street together. This will double the bank's accommodations and give it one of the largest and finest offices in Detroit. The upper floors of the bank block can be reached by the staircase and elevator in the Buhl block. In fact, the bank, Buhl and Meitz blocks have been practically one building for years. The halls are used in common, and the offices numbered consecutively in all three buildings.

LANSING, MICH.—Comptroller of the Currency Jas. H. Eckels has written Bank Examiner Caldwell that he has accepted the invitation of the Michigan Bankers' Association, to deliver an address before that association at its next meeting, to be held at Bay City on September 11, 12 and 13. Bank Examiner Caldwell has also been invited to prepare a paper on Bank Reserves, and will likely do so. If Mr. Eckels can spare the time, he has assured Mr. Caldwell that he will join him in a visit to Grand Rapids and Lansing before returning to Washington.

ST. LOUIS, MO.—United States Secret Service operatives have received here a box containing 70,000 due bills which have been passing as a currency in the small town of Kansas. Operative Murphy seized the bills at Topeka, Kansas, on the ground that they were made in imitation of United States currency. The bills are as large as the ten cents currency notes which were in circulation many years ago, and paid by merchants to farmers for crops, called for their face value in goods sold by the issuing merchant. No arrests were made, but the business was ordered to be discontinued.

CINCINNATI, OHIO.—"There are business firms in this city," said a well-known banker the other day, "whose commercial influence is so far-reaching and which so largely affects the general business community of Cincinnati that the failure of one of them would be as disastrous in its effect as would be a big bank failure. It is not generally understood what bearing the business of a large mercantile establishment has to the general commercial interests of a business center. Cincinnati is more than blessed with solid and substantial business men and business firms, and among her many gigantic, wholesale and retail mercantile establishments, not

one to-day can be found but that is resting on a solid foundation. During the recent hard times and general business depression there have been no large failures, and especially have the big concerns of this city withstood the strain, while other cities have experienced numerous disastrous failures. The commercial interests of the Queen City are well guarded and protected."

CINCINNATI, OHIO.—The National banks of this city show an increase in business since the last report to the Comptroller of the Currency. Loans show an increase of \$1,391,677 and deposits a decrease of \$1,027,924, and the cash reserve of \$1,643,640. But there has been an increased aggregate circulation of \$191,890, the First National adding \$117,440 and the Third \$90,000. Undivided profits have been enhanced \$134,057. Comparing with a year ago, loans have increased \$2,597,214, cash reserve \$1,433,671 and deposits \$6,205,695. Nearly all the banks are well above the 25 per cent. line of deposits, and there is plenty on hand to supply all mercantile and manufacturing business upon a renewal of activity.

CLEVELAND, OHIO.—For the second time in its history, the Ohio State Bankers' Association will hold its annual meeting in this city. The date for the meeting has been fixed for September 15, when the bankers of the State will assemble in Cleveland to discuss matters relating to the money world and to have a social time. The Ohio association is but three years old, but it has had a prosperous career and its members number fully 300. They are from all parts of the State, and nearly every banking institution in Ohio is represented. Among prominent guests who are expected to be present is Comptroller Eckels, of the United States Treasury, who is spoken of as a bright man and a good speechmaker. The meetings of the association usually last three days and are devoted about equally to business and pleasure. A banquet on the evening of the last day is the usual method of ending the convention, which is always full of interest and is thoroughly enjoyed by those present. The only Cleveland officer of the association is Mr John F. Whitelaw, who is the president. Within a short time a local executive committee, composed of bankers of the city, will be appointed by him to arrange the details of the meeting. Thus far nothing has been done to this end.

CLEVELAND, OHIO.—The statement of the condition of the National banks of this city for July 18, shows that they had more deposits, more discounts, more reserve, and were in better condition in every way than they had been at any time for a year. There is abundant evidence in the figures presented that the confidence of depositors and the store of money available for use in the business enterprises of Cleveland are both higher than at any time in a long period. When industry revives, this city will be prepared to do its share of the work of the country, and the banks will not be found wanting. The truth is that Cleveland has always been fortunate in the solidity of its financial institutions. They have been criticised, somewhat, on the ground of extreme conservatism, but in panics they have proved worthy of the trust placed in them, and they have grown in resources and in the facilities afforded for business, as the needs of the community have broadened. There was never a time when they stood better in the estimation of business men than they do now, and never was confidence more merited. The record made by the local banks in the panic of last year was one long to be remembered with pride, and it is pleasant to see that the National banks of this city have fully recovered from the temporary shrinkage which then took place in their resources. Good banks are one of the great reasons for the prosperity and soundness of this city.

MILWAUKEE, WIS.—A report is current that the Wisconsin Marine Bank has offered to sell the Chamber of Commerce Building to the Chamber of Commerce for \$275,000. It is understood that the finance committee of the chamber has decided to recommend an offer of \$250,000 for the building. The Chamber of Commerce, it is said, might decide to rent other quarters in the near future, when the lease runs out, and that is the chief reason for the effort of the bank to sell the building to the chamber. It pays \$20,000 a year. The chamber has a cash fund of \$95,000 for death benefits and it is proposed to pay the Marine Bank \$100,000 down and to raise the rest by issuing bonds and selling them to the members. Officers of the Board of Trade say there is nothing beyond the most informal curbstone talk about the purchase of the Mitchell Building as a permanent chamber of commerce. The trust fund in the hands of the board could be used for that purpose,

however, if the trustees deemed it a good investment. Cashier Johnston, of the Marine Bank, states that no offer to buy or sell the property has been made yet. The Chamber of Commerce, he states, is simply considering the possibility of buying.

MADISON, WIS.—State Treasurer Hunner has completed the compilation of the reports of incorporated State banks, under date of July 2, 1894, and the following are the important changes in comparison with January 1, 1894 :

Capital, increase.....	\$ 897,850.00
Loans, increase.....	2,745,262.68
Deposits, increase.....	3,997,080.98
Cash items, decrease.....	20,775.75
Currency, decrease.....	824,110.50
Specie, decrease.....	145,774.34
Deposited in other banks, increase.....	670,811.11

SOUTHERN STATES.

WASHINGTON, D. C.—Reports received by the Comptroller of the Currency show the general condition of the twelve National banks in the city of Washington, July 18, last, as follows : Loans and discounts, \$6,104,921 ; stocks, securities, etc., \$1,158,255 ; banking houses, furniture, etc., \$1,067,321 ; due from approved reserve agents, \$1,007,639 ; lawful money reserve in bank, \$2,839,041 ; of which \$1,741,051 is in specie ; capital stock paid in \$2,575,000 ; surplus fund, \$1,320,000 ; individual deposits, \$3,959,517 ; average reserve held, 44.30 per cent.

PENSACOLA, FLA.—The abstract of the condition of the National banks of Florida on July 18, has been received at the office of the Comptroller of the Currency. The abstracts show that the banks had loans and discounts amounting to \$4,098,492. The amounts of loans and discounts at the last report, May 4, aggregated only \$3,818,317. The stocks and securities held at the time the last report was made aggregated \$673,654 ; in May, only \$625,147. The lawful money reserve in the banks on July 18, was \$645,254 ; in May, \$621,622. The surplus fund in July was \$349,904 ; in May, \$311,800. The individual deposits in July amounted to \$4,917,005 ; in May, \$4,977,625. The average reserve held in July was 28.66 per cent., as against 35.47 per cent. in May.

SAVANNAH, GA.—The Citizens Bank is to build a five-story banking house on the site of its present building, according to plans submitted by Mr. J. L. Normann, of Atlanta. The directors of the bank decided some weeks since to build, and have had several designs under consideration. That accepted is for a five-story building of the Romanesque style. The street story and the sills, cornices, etc., are to be granite, and the other stories of gray brick to match. The building will be fire-proof and furnished with elevators, fire escapes, heating apparatus and all the latest improvements by which such structures are made safe and comfortable. Arrangements have been made, whereby the lot adjoining, belonging to the estate of E. C. Anderson, Jr., will be improved at the same time by a building corresponding in its general style to that to be built by the Citizens' Bank.

BALTIMORE, MD.—The Clearing House Association has appointed the following committee on halls and hotels for the coming convention of the American Bankers' Association, to be held in this city October 10 and 11 : Charles C. Homer, president Second National Bank, chairman ; J. Wesley Guest, cashier Continental National Bank ; W. H. Shryock, president Third National Bank ; Eugene Levering, president National Bank of Commerce ; J. D. Ferguson, president Equitable National Bank.

ROANOKE, VA.—H. M. Darnall, assistant secretary and treasurer of the Roanoke Trust, Loan and Safe Deposit Company, arrived home from Richmond after attending the meeting of the executive committee of the Virginia Bankers' Association, which met in the Citizens' National Bank. The following members of the committee were present : Col. Palmer, chairman ; J. B. Pace, president Planters' National Bank of Richmond ; H. M. Darnall ; Caldwell Hardy, cashier of the Norfolk National Bank ; H. D. Fuller, assistant cashier of the Shenandoah Valley National Bank of Winchester ; C. D. Fishburne, cashier of the Bank of Albemarle, Charlottesville. It was decided to hold a meeting of the Virginia Bankers'

Association at Richmond on the 18th and 19th of September next. A very interesting programme has been prepared for the occasion, consisting mainly of addresses of prominent gentlemen of the State and elsewhere, on financial subjects. It is believed the next session of the association will be a very pleasant and instructive one, and it is hoped all banks in the State that can do so will send a delegate. Samuel G. Wallace, cashier of the Citizens' Bank of Richmond, is secretary and treasurer of the association, and will take pleasure in furnishing information as to dues, etc., to any bank desiring to join the association.

Sterling exchange has ranged during August at from 4.86¼ @ 4.89½ for sight, and 4.85¼ @ 4.88 for 60 days. Paris—Bankers', 5.18½ @ 5.15 for sight, and 5.19½ @ 5.16½ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.85¼ @ 4.86½; bankers' sterling, sight, 4.86¼ @ 4.87½; cable transfers, 4.86½ @ 4.88. Paris—bankers', 60 days, 5.18¼ @ 5.18½ 1-16; sight, 5.17½ @ 5.16½ 1-16. Antwerp—Commercial, 60 days, 5.20½ @ 5.20. Berlin—Bankers', 60 days, 95½ @ 95 3-16; sight, 95 7-16 @ 95½. Amsterdam—Bankers', 60 days, 40 1-16 @ 40½; sight, 40 3-16 @ 40¼.

The reports of the New York Clearing-house returns compare as follows:

1894.	Loans.	Specie.	Legal Tender.	Deposits.	Circulation.	Surplus.
Aug. 4..	\$482,304,500	\$90,546,900	\$123,895,800	\$581,556,000	\$9,812,100	\$69,053,700
" 11..	484,622,700	91,052,700	121,209,300	581,036,600	9,784,900	67,002,850
" 18..	486,268,800	91,028,400	123,000,500	584,889,000	9,761,400	67,806,650
" 25..	488,763,700	90,744,800	122,420,300	585,785,800	9,756,700	66,718,650
Sept. 1..	489,879,900	91,187,800	121,126,500	585,973,900	9,784,800	65,820,825

The Boston bank statement is as follows:

1894.	Loans.	Specie.	Legal Tender.	Deposits.	Circulation.
Aug. 4.....	\$173,400,000	\$11,143,000	\$10,324,000	\$169,346,000	\$7,103,000
" 11.....	174,138,000	11,466,000	10,364,000	169,381,000	7,114,000
" 18.....	173,730,000	11,258,000	9,176,000	168,588,000	7,092,000
" 25.....	174,753,000	11,176,000	8,384,000	166,804,000	7,087,000

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1894.	Loans.	Reserves.	Deposits.	Circulation.
Aug. 4.....	\$100,134,000	\$37,422,000	\$117,220,000	\$5,119,000
" 11.....	109,126,000	37,394,000	116,970,000	5,197,000
" 18.....	108,783,000	38,112,000	117,684,000	5,191,000
" 25.....	109,392,000	37,550,000	117,536,000	5,218,000
Sept. 1.....	109,787,000	37,373,000	118,177,000	5,266,000

DEATHS.

ANNAN.—On August 7, aged fifty-seven years, JAMES C. ANNAN, of the firm of Annan, Horner & Co., Emmitsburg, Md.

AYLSWORTH.—On August 5, aged ninety-two years, ELI AYLSWORTH, President of Westminster Bank, Providence, R. I.

BAILEY.—On August 15, aged seventy-six years, JOSEPH T. BAILEY, President of Boylston National Bank, Boston, Mass.

BRIGGS.—On August 8, SAMUEL H. BRIGGS, President of Briggs National Bank, Clyde, N. Y.

GREEN.—On August 7, aged sixty years, JAMES H. GREEN, President of Citizens National Bank, Galion, O.

IRICK.—On August 4, aged eighty-three years, JOHN S. IRICK, President of First National Bank, Vincentown, N. J.

STEVENS.—On August 14, aged ninety-one years, GEORGE STEVENS, President of Five Cents Savings Bank, East Cambridge, Mass.

WACK.—On August 3, aged thirty-two years, CHAS. J. WACK, Cashier of First National Bank, Rochester, Pa.

NEW BANKS, BANKERS AND SAVINGS BANKS.

(Monthly List, continued from August No., page 155.)

State.	Place and Capital.	Bank or Banker.	Cashier and N. Y. Correspondent.
CAL....	Lincoln	Bank of Lincoln.....	J. & W. Seligman & Co.
	\$50,000	John M. Wiles, <i>P.</i> Jno. W. Hinds, <i>Cas.</i>	
		J. S. Mariner, <i>V. P.</i>	
" ..	San Mateo.....	San Mateo Bank.....	Hanover National Bank.
	\$200,000	James D. Byrnes, <i>P.</i> Phil. M. Roedel, <i>Cas.</i>	
		Robert Wisnom, <i>V. P.</i>	
COL....	Aspen.....	J. B. Wheeler Bkg. Co. (Re-opened.)	National Park Bank.
	\$100,000	Jerome B. Wheeler, <i>P.</i> Benjamin Ferris, <i>Cas.</i>	
		Benjamin Ferris, <i>V. P.</i>	
DAK. S.	Garretson.....	Garretson State Bank.....	Third National Bank.
		Thos. Wangness, <i>P.</i> A. H. Rudd, <i>Cas.</i>	
FLA....	Avon Park.....	Bank of Avon Park.....	National Park Bank.
		O. M. Crosby, <i>P.</i> Charles C. Chollar, <i>Cas.</i>	
ILL....	Golden	H. H. Emminga.....	
	\$40,000		H. H. Emminga, <i>Cas.</i>
" ..	Greenup.....	Peoples Bank.....	
		(Smith Bros.)	
" ..	Smithshire	Smithshire Union Bank...	
		L. L. Tinsman, <i>P.</i> James Milligan, <i>Cas.</i>	
		John Birdsall, <i>V. P.</i>	
IND....	Decatur	Old Adams Co. Bank.....	Third National Bank.
	\$120,000	Wm. H. Niblick, <i>P.</i> Rufus K. Allison, <i>Cas.</i>	
		David Studebaker, <i>V. P.</i> C. S. Niblick, <i>Asst.</i>	
" ..	LaFayette.....	Wm. Taylor & Son.....	Chase National Bank.
		Wm. Taylor, <i>P.</i> Henry A. Taylor, <i>Cas.</i>	
" ..	Lagrange	Nat. Bank of Lagrange...	
	\$50,000	Solomon Rose, <i>P.</i> Joseph I. Norris, <i>Cas.</i>	
IOWA...	Gray.....	Farmers Exchange Bank	
	\$10,000	Geo. P. Wiley, <i>P.</i>	
" ..	Iowa Falls	State Bank of Iowa Falls.	National Park Bank.
	\$50,000	Hiram C. Miller, <i>P.</i> Geo. A. Courtney, <i>Cas.</i>	
		T. W. Strother, <i>V. P.</i>	
" ..	New Liberty...	New Liberty Sav. Bank...	
	\$15,000	Martin Beuthein, <i>P.</i> Arnold Beuthein, <i>Cas.</i>	
		C. F. Bargmann, <i>V. P.</i>	
" ..	Renwick	German-American Bank	
	\$25,000	E. F. Bacon, <i>P.</i> W. F. Bacon, <i>Cas.</i>	
" ..	Toledo	Toledo State Bank	U. S. National Bank.
	\$50,000	L. B. Blinn, <i>P.</i> Wm. A. Dexter, <i>Cas.</i>	
		P. G. Vieting, <i>V. P.</i>	
KAN....	Cuba.....	Cuba Exchange Bank.....	Chase National Bank.
		S. T. Powell, <i>P.</i> G. G. Goodwin, <i>Cas.</i>	
" ..	Dodge City....	Midland Bank.....	Western National Bank.
	\$10,000	G. G. Gilbert, <i>P.</i> J. W. Gilbert, <i>Cas.</i>	
		O. T. Hard, <i>Asst.</i>	
ME....	Fairfield	Nat. Bank of Fairfield....	
	\$50,000	Daniel C. Hall, <i>P.</i> H. L. Kelley, <i>Cas.</i>	
MASS...	Boston.....	E. H. Gay & Co.....	Blair & Co.
" ..	Boston.....	Pfaelzer, Walker & Co.....	Dick Bros. & Lawrence.
" ..	Boston.....	Webster F. Putnam & Co.	Parkinson & Burr.
" ..	Boston.....	Sutton & Bowen.....	Parkinson & Burr.
MICH..	Allen.....	Joiner & Eaton.....	Third National Bank.
	\$5,000	Benjamin F. Joiner, <i>P.</i> C. D. Eaton, <i>Cas.</i>	
MO....	Butler.....	Bates Co. Bank.....	American Exch. Nat. Bank.
	\$125,000	F. J. Tygard, <i>P.</i> J. C. Clark, <i>Cas.</i>	
		J. B. Newberry, <i>V. P.</i>	
NEB....	Clatonia.....	Bank of Clatonia.....	Hanover National Bank.
	\$7,000	William Steinmeyer, <i>P.</i> J. H. Steinmeyer, <i>Cas.</i>	
" ..	St. Edward....	Citizens State Bank.....	
	\$20,000	Henry B. Treat, <i>P.</i> H. E. Adams, <i>Cas.</i>	
		M. J. Thompson, <i>V. P.</i>	

<i>State</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. C....	Oxford.....	Bank of Granville..... \$20,000 Edward T. White, <i>P.</i> Jno. B. Roller, <i>Cas.</i> J. M. Currin, <i>V. P.</i>	National Park Bank.
OHIO....	Ashville..	Citizens Bank..... \$25,000 James H. Valentine, <i>P.</i> Wm. M. Miller, <i>Cas.</i> James Ward, <i>V. P.</i>	Hanover National Bank.
" ..	Ottawa.....	Bank of Ottawa..... Warren F. Reed, <i>P.</i> Wm. H. Harper, Jr., <i>Cas.</i> Ignatius H. Kahle, <i>V. P.</i>	
ORE. ..	Eugene.....	Lane Co. Bank..... \$50,000 A. J. Hovey, <i>P.</i> J. M. Abrams, <i>Cas.</i> A. G. Hovey, Jr., <i>Asst.</i>	Imp. and Trad. National Bank.
ONT....	Kemptville....	Bank of Ottawa..... James Martin, <i>Mgr.</i>	
" ..	Norwood.....	Union Bank of Canada.... S. L. Forrest, <i>Mgr.</i>	
NOVA S.	Canso.....	Peoples Bank of Halifax.. Bank of New York, N. Y. B. A. E. G. Coombs, <i>Actg. Agt.</i>	
" ..	Truro.	Com'l Bk. of Windsor.... Bank of New York, N. Y. B. A.	
S. C....	Westminster...	Peden & Anderson Bkg. Co. \$20,000 Walter C. Mason, <i>P.</i> Wm. P. Anderson, <i>Cas.</i> B. H. Cross, <i>V. P.</i>	National Park Bank.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from August No., page 159.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
ALA....	Colbert Co. Bank, Tuscumbia..	J. H. Bemiss, <i>Cas.</i>	Jas. M. Donaldson.
ARIZ...	Western Invest. Banking Co., Phoenix. }	P. L. Kay, <i>P.</i>	Dayton A. Reed.*
ARK....	Bank of Newport, Newport. }	G. W. Decker, <i>P.</i>	E. L. Watson.
" ..	Peoples Bank, Searcy.....	W. H. Heard, <i>V. P.</i>	G. W. Decker.
" ..	Peoples Bank, Searcy.....	J. E. Hussey, <i>Cas.</i>	H. P. Gorman.
CAL....	Riverside National Bank, Riverside. }	J. H. Goodhue, <i>Cas.</i>	F. H. Ross.
" ..	Riverside National Bank, Riverside. }	P. T. Evans, <i>Asst.</i>	J. H. Goodhue.
" ..	Riverside Banking Co., Riverside. }	G. E. Bittinger, <i>2d Asst.</i>	
" ..	Cal. Mort. Loan & Trust Co., San Diego. }	J. A. Brenneman, <i>P.</i>	A. Keit.
" ..	Cal. Mort. Loan & Trust Co., San Diego. }	O. T. Dyer, <i>V. P.</i>	J. A. Brenneman.
" ..	Bank of Williams.....	E. F. Pulsifer, <i>P.</i>	Wm. Collier.
" ..	Bank of Williams.....	W. E. Street, <i>Cas.</i>	
COL....	First Nat. Bank, Ouray.....	J. E. McClure, <i>P.</i>	L. L. Bailey.
CONN...	City Savings Bk., Bridgeport..	D. F. Hollister, <i>P.</i>	
" ..	Thompson Savings Bank, Putnam. }	Jas. N. Kingsbury, <i>1st V. P.</i>	Thos. D. Sayles.*
" ..	Thompson Savings Bank, Putnam. }	E. C. Wood, <i>Sec.</i>	Chas. Arnold.
DAK. N.	First Nat. B'k, Casselton.....	Walter N. Holmes, <i>Cas.</i>	M. A. Baldwin.
DAK. S.	Moody Co. B'k, Flandreau ..	H. A. Booth, <i>Cas.</i>	G. E. Pettigrew.
D. C....	Washington Loan & Tr. Co., Washington. }	John J. Edson, <i>P.</i>	Brainerd H. Warner.
FLA....	H. F. Dutton & Co., Gainesville. }	B. P. Richards, <i>Cas.</i>	I. E. Webster.
GA....	National Bank of Augusta....	Frank G. Ford, <i>Asst.</i>	
IDAHO..	First Bank of Fremont Co., St. Anthony. }	Lucius C. Rice, <i>P.</i>	Thos. R. Hamer.
ILL. ...	Royal Trust Co., Chicago. }	James B. Wilbur, <i>V. P.</i>	
" ..	Lewistown Nat. B., Lewistown..	Chas. S. Dickinson, <i>Cas.</i>	J. B. Wilbur.
" ..	Savanna State Bank, Savanna. }	W. H. Rhodes, <i>Cas.</i>	Geo. K. Linton.
" ..	Savanna State Bank, Savanna. }	F. M. Jenks, <i>P.</i>	D. Flanigan.
" ..	Savanna State Bank, Savanna. }	C. K. Miles, <i>Cas.</i>	Geo. Hay.
IND....	Bank of Commerce, Evansville..	Wm. A. Heilman, <i>P.</i>	E. P. Huston.
" ..	First Nat. Bank, Evansville....	J. H. Dippel, <i>Asst.</i>	
" ..	Citizens Nat. B'k, Martinsville..	Chas. S. Huff, <i>V. P.</i>	

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
IOWA...	First Nat. Bank, Burlington	Lewis C. Walbridge, <i>Asst.</i>	
"	Bankers Iowa State Bank, Des Moines.	Jas. R. Baxter, <i>V. P.</i>	
KAN...	Hope State Bank, Hope.	C. T. Cole, Jr., <i>Cas.</i>	V. F. Newell.
"	First Nat. Bk., Independence	Jas. N. Ketcherside, <i>P.</i>	Wm. Kewell.
"	Farmers and Mechanics Bank, Osawatomie.	J. N. Burton, <i>V. P.</i>	
"	Kansas Security & Trust Co., St. John.	P. S. Hollingsworth, <i>P.</i>	E. P. Allen.
KY....	Merchants Nat. B'k, Ashland	S. S. Whiteford, <i>P.</i>	J. C. Hieber.
"	City Bank, Hopkinsville	J. C. Hieber, <i>V. P.</i>	
"	Phoenix National Bank, Lexington.	R. W. Thompson, <i>P.</i>	F. S. Vedder.
MD....	South Baltimore B., Baltimore	F. S. Vedder, <i>Tr.</i>	R. W. Thompson.
MASS...	Globe National Bank, Boston.	S. W. Hagar, <i>P.</i>	A. C. Campbell.
"	Fitchburg Sav. B'k, Fitchburg	E. B. Long, <i>P.</i>	E. B. Long, <i>V. P.</i>
"	Haverhill Savings Bank, Haverhill.	H. Kendall, <i>P.</i>	W. H. Cassell.
"	Five Cents Savings Bank, Newburyport.	D. F. Frazer, <i>V. P.</i>	H. Kendall.
MICH...	Monroe Co. Bank, Dundee	Geo. F. C. Louis, <i>Cas.</i>	Howard P. Orem.
"	J. F. Reynolds & Co., Fremont	Chas. H. Cole, <i>V. P.</i>	
"	Farmers Bank, Grass Lake	C. H. Hooke, <i>Cas.</i>	Chas. H. Cole.
"	First National Bank, Ithaca	Brigham N. Bullock, <i>Tr.</i>	Chas. J. Billings.
MINN...	Adrian State Bank, Adrian.	E. G. Wood, <i>P.</i>	
"	National Bank of Kasson	Dudley Porter, <i>V. P.</i>	E. G. Wood.
"	First Nat. Bank, Minneapolis	Moses H. Fowler, <i>P.</i>	
"	Bank of Wheaton	M. J. Howe, <i>P.</i>	Wm. C. Reeves.
MISS...	Citizens Bank, Winona.	J. A. Gerber, <i>Cas.</i>	J. R. Odell.
MO....	Chillicothe Savings Asso., Chillicothe.	M. H. Raymond, <i>P.</i>	Geo. E. Osborn.
"	Exchange Bank, Chula	J. B. Gibbs, <i>Asst.</i>	R. E. Chafey.
"	Bank of Cross Timbers	W. R. Mansel, <i>V. P.</i>	
"	Cape Girardeau Co. Sav. B'k, Jackson.	E. H. Mylius, <i>Cas.</i>	H. G. Mansel.*
"	Lathrop Bank, Lathrop.	Perry Nelson, <i>V. P.</i>	
MONT...	Commercial National Bank, Bozeman.	F. M. Prince, <i>Cas.</i>	H. K. Sidle.
"	Hecla Mer. & Banking Co., Glendale and Hecla.	Andrew Lund, <i>P.</i>	David Burton.
NEB...	Kearney Nat. Bank, Kearney	R. H. Hill, <i>V. P.</i>	T. H. Somerville.
"	Weston Bank, Weston.	Frank M. Purnell, <i>Cas.</i>	Frank Hawkins, Jr.
N. J....	New Brunswick Savings Inst., New Brunswick.	J. H. Mansur, <i>Cas.</i>	J. R. Middleton.
"	First Nat. Bank, Vincentown	R. J. Green, <i>Cas.</i>	J. F. Harris.
N. MEX.	First National Bank, Eddy	G. W. Crudington, <i>P.</i>	Jos. S. Hartman.
N. Y....	First National Bank, Bainbridge.	W. H. Miller, <i>P.</i>	J. E. Franklin.
"	Tanners National Bank, Catskill.	Jos. Koehler, <i>V. P.</i>	
"	First Nat. Bank, Greenwich	D. B. Seibert, <i>Cas.</i>	Jos. Koehler.
"	Bank of Hammondsport	Gordon Jones, <i>P.</i>	A. B. Jones.
"	Millerton Nat. B'k, Millerton	Clifton George, <i>Cas.</i>	Gordon Jones.
"	Yates Co. Nat. B'k, Penn Yan	Henry Elling, <i>P.</i>	
"	First National Bank, Perry	I. J. Kountz, <i>V. P.</i>	
"	Phoenix Bank, Phoenix	George Cox, <i>Asst.</i>	
"	State Bank, Randolph	Henry Knippenberg, <i>P.</i>	Will Knippenberg.
"	First Nat. Bank, Vincentown	Chas. Wiley, <i>Cas.</i>	Chas. Wiley, <i>Asst.</i>
"	First Nat. Bank, Vincentown	D. A. March, <i>P.</i>	R. A. Heaton.
"	First Nat. Bank, Vincentown	Jos. Pestal, <i>Cas.</i>	F. R. Clark.
"	First Nat. Bank, Vincentown	C. L. Hardenbergh, <i>P.</i>	
"	First Nat. Bank, Vincentown	Wm. J. Irick, <i>P.</i>	John S. Irick.*
"	First Nat. Bank, Vincentown	C. E. Conway, <i>Cas.</i>	H. P. Brown.
"	First Nat. Bank, Vincentown	James K. Wetmore, <i>P.</i>	Elliott Danforth.
"	First Nat. Bank, Vincentown	Erwin Ramsdell, <i>V. P.</i>	James K. Wetmore.
"	First Nat. Bank, Vincentown	Frederick Hill, <i>V. P.</i>	
"	First Nat. Bank, Vincentown	Wm. Palmatier, <i>Cas.</i>	Frederick Hill.
"	First Nat. Bank, Vincentown	A. S. Daisy, <i>Act'g Cas.</i>	Samuel W. Bailey, <i>Cas.</i>
"	First Nat. Bank, Vincentown	John J. Frey, <i>P.</i>	H. C. Ainsworth.
"	First Nat. Bank, Vincentown	Aaron G. Pratt, <i>Cas.</i>	E. S. Ainsworth.
"	First Nat. Bank, Vincentown	Frank A. Hotchkiss, <i>P.</i>	E. H. Thompson.
"	First Nat. Bank, Vincentown	Hanford Struble, <i>P.</i>	M. F. Sheppard.
"	First Nat. Bank, Vincentown	E. D. Page, <i>P.</i>	Henry N. Page.
"	First Nat. Bank, Vincentown	A. D. Merry, <i>P.</i>	Amos Dean.
"	First Nat. Bank, Vincentown	J. N. Cowen, <i>P.</i>	Addison Crowley.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
N. Y....	Chester's Bkg. & Exch. Office, Schenectus.	Gurney A. Ham, <i>Cas.</i>	C. R. Chester.
"	Walden Savings Bank, Walden.	G. W. Stoddard, <i>P.</i>	N. J. Fowler.
"	"	H. B. Wooster, <i>2d V. P.</i> ...	G. W. Stoddard.
N. C....	Peoples Five Cents Sav. B'k, Greensboro.	J. W. Scott, <i>P.</i>	J. M. Winstead.*
"	Davis & Wiley B'k, Salisbury.	Theo. F. Kluttz, <i>P.</i>	S. H. Wiley.*
OHIO..	Commercial Bank, Belleville.	J. B. Lewis, <i>P.</i>	R. W. Bell.
"	National Bank of Elyria.	Henry E. Mussey, <i>Act'g P.</i>	Heman Ely.*
"	First National Bank, Findlay.	Chas. E. Niles, <i>P.</i>	Elijah P. Jones.*
"	"	George P. Jones, <i>Cas.</i>	Chas. E. Niles.
ORE....	First National Bank, Athena.	H. C. Adams, <i>V. P.</i>	H. C. Stratton.
"	"	P. O. Smith, <i>V. P.</i>	G. W. Phillips.
"	Bank of Scio, Scio.	W. A. Ewing, <i>Cas.</i>	A. J. Johnson.
"	"	A. J. Johnson, <i>Asst.</i>	
PA.....	First National Bank, Berwick.	B. F. Crispin, Jr., <i>P.</i>	M. W. Jackson.*
"	"	C. B. Jackson, <i>V. P.</i>	B. F. Crispin, Jr.
"	Hazleton Nat. B'k, Hazleton.	I. P. Pardee, <i>P.</i>	A. S. Van Wickie.
"	Citizens Bank, Houtzdale.	John Beyer, <i>P.</i>	Wm. A. Crist.
"	Farmers Bank, Middletown.	A. H. Reider, <i>Cas.</i>	L. H. Nissley.
"	Union National Bank, New Brighton.	E. H. Seiple, <i>Cas.</i>	D. C. Champlin.
"	"	C. C. Keck, <i>Asst.</i>	
"	Farmers National Bank, Oxford.	D. M. Taylor, <i>P.</i>	James Wood.*
"	"	R. A. Walker, <i>Cas.</i>	D. M. Taylor.
"	Mechanics National Bank, Philadelphia.	Morris Newburger, <i>Act'g.</i>	John Rommel, Jr., <i>P.</i>
"	"	Thos. Roberts, <i>V. P. pro tem.</i>	M. Newburger.
"	Tradesmens National Bank, Philadelphia.	Frank G. Rogers, <i>P.</i>	C. R. Rogers.
"	"	J. A. McKee, <i>Cas.</i>	Frank G. Rogers.
"	Nat. Bank of Western Pa., Pittsburgh.	Geo. S. Macrum, <i>Asst.</i>	
"	First Nat. Bank, Rochester.	Thos. C. Fry, <i>Cas.</i>	Chas. J. Wack.*
"	First Nat. Bank, Sewickley.	E. P. Young, <i>V. P.</i>	
"	First National Bank, Warren.	J. P. Jefferson, <i>V. P.</i>	J. B. Eddy.
"	"	T. K. Russell, <i>Cas.</i>	M. Beecher.*
"	Citizens Nat. B., Waynesburg.	Wm. P. Hoskinson, <i>P.</i>	
TEKN..	Brownsville Savings Bank, Brownsville.	S. F. Thomas, <i>Cas.</i>	A. W. Brockway.*
"	Third National Bank, Chattanooga.	Chas. O. Lutz, <i>Cas.</i>	John L. Davies.
"	"	Carl Gibbs, <i>Asst.</i>	
TEXAS.	City Nat. Bank, Corsicana.	S. M. Kerr, <i>V. P.</i>	A. C. Sloan.
"	First Nat. Bank, Weatherford.	C. D. Hartnett, <i>V. P.</i>	A. F. Starr.
WIS....	First Nat. Bank, Merrill.	Chas. J. Oleson, <i>Asst.</i>	
"	Bank of Milton.	A. S. Maxson, <i>P.</i>	Paul M. Green.
"	"	P. M. Green, <i>Cas.</i>	E. B. Saunders.
"	Manufacturers Nat. B'k, Racine.	Stephen Bull, <i>P.</i>	
ONT....	Molsons Bank, Exeter.	E. E. Ward, <i>Mgr.</i>	N. Dyer Hurdon.
"	Bank of Ottawa, Hawkesbury.	John Hood, <i>Mgr.</i>	James Martin.
"	Union B'k of Canada, Iroquois.	A. G. Smith, <i>Mgr.</i>	R. A. McLelland.
"	Union Bank of Canada, Winchester.	R. A. McLelland, <i>Mgr.</i>	S. L. Forrest.
QUE....	Bank of Toronto, Montreal.	Thos. F. How, <i>Mgr.</i>	J. Murray Smith.
N. S....	Union Bank of Halifax, Kentville.	J. W. Borden, <i>Act'g.</i> ...	C. N. S. Strickland, <i>Act'g.</i>

* Deceased.

APPLICATIONS FOR NATIONAL BANKS.

The following *applications* for authority to organize *National Banks* have been filed with the Comptroller of the Currency during August, 1894.

IND Tipton.....First National Bank, by Leroy B. Nash and associates.

KAN....El DoradoFarmers and Merchants National Bank, by N. F. Frazier and associates.

PA....New Bethlehem.First National Bank, by J. R. Foster and associates.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from August No., page 155.)

No.	Name and Place	President.	Cashier.	Capital.
4972	National Bank of Lagrange.... Lagrange, Ind.	Solomon Rose,	Joseph I. Norris,	\$50,000
4973	National Bank of Fairfield..... Fairfield, Me.	Daniel C. Hall,	H. L. Kelley,	50,000

CHANGES. DISSOLUTIONS. ETC.

(Continued from August No., page 156.)

- ALA....Birmingham...South Side Savings Bank succeeded by Colbert Co. Bank, Tusculumbia.
- COL....Walsenburg....Walsen & Wheeler succeeded by Fred Walsen.
- ILL....Colchester.North Side Bank reported closed.
- ..Peoria.....Savings Bank of Peoria incorporated; same officers and correspondents.
- IND....Decatur.....Adams Co. Bank succeeded by Old Adams Co. Bank.
- ..La Fayette....Wilson & Hanna succeeded by Wm. Taylor & Son.
- IOWA...Cedar Rapids..Bohemian-American State Bank reported closed.
- ..Iowa Falls....Bank of Iowa Falls succeeded by State Bank of Iowa Falls.
- ..Toledo.....Toledo City Bank succeeded by Toledo State Bank.
- KAN....Dodge City....First National Bank has gone into voluntary liquidation, succeeded by Midland Bank.
- ..Gardner.Bigelow & Foster succeeded by A. Bigelow.
- ..TopekaKansas National Bank has gone into voluntary liquidation.
- ..Wichita.....Wichita National Bank reported closed; later report, will re-open.
- ME....Fairfield..First National Bank expired by limitation, succeeded by National Bank of Fairfield.
- ..Orono.....Orono Savings Bank has gone into voluntary liquidation.
- MASS...Boston.....Gay & Stanwood succeeded by E. H. Gay & Co.
- ..Boston.....Messervy & Co. succeeded by Sutton & Bowen.
- ..Boston.....Putnam, Bowen & Co. succeeded by Webster F. Putnam & Co.
- MICH...Allen.....Winchester & Ellis succeeded by Joiner & Eaton.
- ..Ludington....Commercial & Savings Bank reported in hands of receiver.
- ..Mayville.....Bank of Mayville (Eveland, Knickerbocker & Co.) now J. & T. J. Eveland, proprietors. Abel J. Eveland, Cashier.
- ..Tawas CityPhinney & Roe succeeded by A. H. Phinney & Co.
- MINN...Belle Plaine....Bank of Belle Plaine succeeded by State Bank of Belle Plaine incorporated; same officers and correspondents.
- ..Halstad.....Bank of Halstad succeeded by State Bank of Halstad; same officers and correspondents.
- ..McKinley... ..Bank of McKinley reported discontinued.
- MO....Butler.....Bates Co. National Bank succeeded by Bates Co. Bank incorporated.
- MONT..Neihart.....First National Bank liquidating, succeeded by State Bank of Neihart; same officers and correspondents.
- NEB....Tamura....State Bank reported liquidating.
- OHIO...Portsmouth....Citizens Savings Bank suspended.
- ..Seville.....Bank of Seville (Lee Elliott) now Beach and Miller, proprietors.

- ORE....** Arlington..... First National Bank insolvent.
 • .. Baker City..... Baker City National Bank is in the hands of a receiver.
- PA.....** Altoona..... Second National Bank reported closed.
 • .. Cochran..... Farmers Co-operative Trust Co. reported closed.
 • .. Oil City..... F. W. Mitchell & Co. have discontinued banking business.
- S.C.....** Westminster... Peden & Anderson succeeded by Peden & Anderson Banking Co.
- TENN...** Hollow Rock... Camden Bank & Trust Co. reported discontinued at this place.
 • .. Jasper..... J. W. Beckwith & Co. reported discontinued.
 • .. Memphis..... Shelby Co. Savings Bank title changed to Bank of Shelby.
- TEXAS.** Henrietta..... Citizens Bank closed.
 • .. Vernon..... State National Bank reported closed.
- WASH..** Spokane..... Washington National Bank has gone into voluntary liquidation.

PROJECTED BANKING INSTITUTIONS.

- FLA....** Live Oak..... Live Oak Bank. B. B. Blackwell, President; H. M. Wood, Cashier.
- GA.....** Atlanta..... Southern Guarantee Loan Co. Chartered by Alex. Stuart, J. M. Swanson, Albert Howell.
 • .. Newnan..... Newnan Banking Co. has begun business with \$55,000 capital. B. T. Thompson, President; P. B. Murphey, Cashier.
- ILL....** Chicago..... Hatterman Safety Deposit Vault Co.; capital, \$35,000. Incorporators: Wm. E. Hatterman, Chris. F. Hafner, Louis D. G. Lanse.
- IND....** Lafayette..... State Bank organized by William and Henry Taylor.
 • .. No. Manchester. Tabor & Co., of Argos, will establish a private bank at No. Manchester with \$50,000 capital.
 • .. Petersburg. Pike County Bank; capital, \$25,000.
- KAN....** Lincoln..... Lincoln State Bank has been incorporated with a capital stock of \$20,000.
 • .. Oneida..... State Bank of Oneida; capital, \$10,000. Directors: Cyrus Shinn, W. H. Wright, G. A. Wetmore, H. L. Wikoff, J. C. Sherrad, Sr., F. E. Wikoff, J. W. Smithers.
- KY.....** Corydon... .. Corydon Deposit Bank; capital, \$25,000. Incorporators: C. L. King, John R. Wilson, Herman Knoll and others.
- LA.....** Abbeville..... Abbeville Bank; capital, \$15,000. Eli Wise, President.
 • .. Rayne..... Rayne State Bank; capital, \$15,000. Mervine Kahn, President and Cashier; J. A. Smith, Vice-President. Directors: Mervine Kahn, J. A. Smith, Dr. R. C. Webb, Edgar Barousse, David Levy, Aug. L. Chappius.
- MICH...** Springport..... New State bank started; capital, \$16,000. Controlled by home capitalists.
- MINN...** Minnesota Lake. Security State Bank; capital, \$10,000. J. H. Joyce, of Wells, principal stockholder.
 • .. St. Cloud..... Granite City Savings and Loan Co.; capital, \$25,000.
- MISS....** Ellisville..... Bank of Ellisville is being organized by Major B. Pettus, Clarksville, Miss., and others.
- PA.....** Philadelphia... A new trust company is being organized by the Pennsylvania Railroad Co.
- TEXAS..** Merkel..... Abilene parties are taking steps to organize a bank.
 • .. San Antonio.... Southwestern Savings and Loan Association; capital, \$50,000. Chartered by W. H. Hunt, J. R. Fleming, L. C. Mitchell.
- VA.....** Staunton..... A branch of the Savings and Loan Co., of Syracuse, N. Y., has been organized with B. F. Humphreys, President.

THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XLIX.

OCTOBER, 1894.

No. 4.

HOW TO IMPROVE THE CURRENCY.

One of the most important questions relating to the circulation is to provide some mode for securing elasticity, or changes in the volume corresponding with the wants of business. Perfect in solvency, its only defect is its fixity in amount. It circulates everywhere; a note of an Eastern bank passing as readily on the Pacific slope as the note of a local institution. But its inelasticity is regarded as a serious defect by those who understand the wants of business and the dangers springing from a sudden scarcity of money. This defect is regarded so serious by some bankers that are willing to revive the old system so far as to base or rest the issues of bank notes on ordinary discounts, believing that such a circulation would not only be well secured, but correspond perfectly with the wants of business. Mr. Coe, the former president of the American Exchange National Bank of New York, one of the most familiar names in American banking, has been a prominent advocate of this theory.

It will not be questioned that a perfect currency should possess the quality of easy and quick expansion or contraction in harmony with a sound legitimate demand therefor, and that its redemption should be amply secured. It must also be admitted, notwithstanding all the excellencies of the present circulation, that it is de-

fective in one of these respects. There are times when a larger amount of money is needed, especially in the closing months of almost every year. Perhaps the monetary demand is becoming more uniform throughout the year than it once was in consequence of the changing modes in production and transportation, nevertheless, the demand varies and there are times when the supply is clearly inadequate.

There are other occasions also, of an extraordinary nature, when an increased supply is desired. As bankers all know, their business is peculiar, as their deposits, or the greater portion of them, are payable on demand, while they are lent on time, and the problem is always present, how to meet the engagements of depositors, on the one hand, and yet be able to lend their deposits, on the other. Of course, if they were not lent there would be no profit in keeping them, and depositors expect that they will be lent, yet with the implied understanding that they shall always be forthcoming whenever demanded. Now, there are times, as every banker knows, when extraordinary demands occur, as was the case a year ago, and when it is very difficult, perhaps impossible, for banks to comply. Indeed, if the demand for deposits becomes general, it is impossible for banks to collect enough from their borrowers to respond. A perfect currency, therefore, is one that can be adapted to such exigencies, and the question is, what policy, or method, can be adopted for securing more elasticity to our system? There are some bankers, as we have remarked, who would solve the difficulty by returning to the old system of State bank issues; on the other hand, as we have shown in former articles, the dangers from the adoption of such a system would be greater than the evils now arising from the present one; and therefore it is better for all to continue it than to adopt the policy proposed in order to secure an elastic medium.

But, is it not possible to introduce some elasticity into the system now prevailing; cannot some change be effected and its excellent features be preserved? Now is the time to consider this question, when there is no extraordinary demand for money, and not wait until some unusual pressure exists. The expedient adopted a year ago, and on other occasions, was the clearing-house certificate, which is really a new currency possessing a limited circulation. If these certificates had not been used, the banks would have had far more trouble to meet the demands of the situation. Notwithstanding their usefulness, it was seen that they only partly fulfilled the functions of a currency, and that something better was needed. One of the difficulties in the use of them was the limited monetary character they possessed, as they circulated only among banking institutions. They did not

go into general circulation, which is the office of a true paper money. Notwithstanding this fact, the Government was inclined to impose a ten per cent. tax on the issuers, regarding them as money. This certainly would have been a serious thing for the issuers, and shows clearly enough that in the absence of a better kind of money, something should be done, if possible, to give these certificates a different status from that which they now possess. First of all, why could not a law be enacted either exempting them from taxation, or if a tax should be imposed, of prescribing an amount which would not make their use prohibitive as would the ten per cent. tax? We have already reminded our readers of the system in vogue in Germany, which provides for extraordinary issues on the payment of an extra or unusual tax during the period of their circulation. The effect of this system is, that in unusual times, when more notes are required for business than usual, a larger number is issued and the tax is paid while they are in circulation. As soon, however, as the unusual demand for them has passed away, and the profit on them is diminished, they are retired until only the ordinary or usual issues remain in circulation. In other words, the tax is supposed to be high enough to prevent their continued circulation, but low enough to warrant or justify their issue during times of unusual demand. Thus a way is provided for increasing the volume of circulation in extraordinary times, and for retiring the excessive issues when the reasons which called them into existence have passed away.

Why could not this idea be adopted with respect to the clearing-house certificates in the absence of something better in the way of a currency? Why could not the Government impose a sufficient tax on them to prevent their circulation in ordinary times, so that their retirement would occur as soon as the unusual pressure which gave rise to them passed away? As we have already remarked, this is one of the most important questions connected with banking, and now, while no unusual demand for money exists, something should be done to correct the evil that is so clearly recognized. It would seem as though a measure of the kind indicated might be adopted with safety to the Government, and to all concerned, and thus the greatest evil or danger resulting to our currency be removed. Surely, the question is worthy of study by all who are interested in this question.

A REVIEW OF FINANCE AND BUSINESS.

SLOW, BUT STEADY AND GENERAL IMPROVEMENT.

The first month of autumn has shown the usual improvement in business over the summer dullness, but, not an average volume or activity. The reason is that the summer stagnation this year was so much greater and more general than usual, that the usual fall improvement in trade leaves a deficit still, compared with an average year. Yet, small favors are thankfully received after the past two years, and the gain is substantial and permanent, if not up to the expectations of those who thought, as soon as the tariff bill was out of the way we would have a boom. Booms don't come that way, any more than a man can get out of bed and do a full day's work, at once, after a protracted and prostrating sickness. So it was equally idle to expect the usual business activity this fall; and, hence the disappointment of those who looked for the first rush of demand, following the settlement of the tariff war, to continue. It was simply the accumulation of delayed orders, awaiting that event, to supply the immediate necessities of the people; and when these were filled, a lull followed, which has been regarded by some as a relapse into the after-panic conditions of the past year. But this is as erroneous, as was the idea that we were to have a boom. That the free purchases, following the settlement of the tariff, were only for immediate use, is the guarantee that they must soon be followed by others for immediate use not only, but by more, based upon a revision of prices to suit the new law, for future wants. Neither the merchant nor the consumer could foresee the full effect of the new tariff on prices until supply and demand had adjusted themselves to the new order of things. It is this process that has been going on quietly since the 28th of August; and, good progress has been made for one month, although not yet fully visible upon the surface of things. The coming month will see a further development in this direction, notwithstanding the disturbance of elections, that will encourage even the grumblers and opponents of the change. One cannot regulate a repaired watch in a day, much less the more complicated mechanism of trade. But that improvement has begun, is solid and general, we have only to look at the surest index of trade, namely, the earnings of the railroads of the country, to which is given unusual prominence in this month's review, in order to clear up the doubt upon this question. But regarding ocean traffic there is, unfortunately, no doubt, as ballast rates prevail on account of light export trade.

THE MONEY MARKET

has shown but little activity or strength; and rates though hardening, on time money, with a slow but steady increase in demand, have not advanced, because of the enormous amount of idle money to be employed. Hence, it must take more demand and greater activity than usual before it is felt and seen in higher rates and reduced supplies. It is this that has also deceived those who have watched the money, as well as stock market for indications of improved trade; for, there never was such a supply of money waiting for loan or investment, in the history of Wall Street. Hence, the large movement of some of the crops, notably wheat and oats, has scarcely been felt this year in the money market; as less has been drawn from this city than usual, because interior banks have had a plethora of money though not so great as those of New York. Beside, the price of wheat has been 10c. under the low panic record of last year and it has taken less money to move it. The same is true of cotton on a 6c. basis at the South, as of wheat on a 45c. basis at the West, from the hands of the producers. The stagnation on the Stock Exchange and the general lack of speculation, outside of corn and provisions, has also left the demand from those sources less than usual. So on, through all branches of trade; less money by far, than usual, has been required to do the same business. This is seen again among manufactures with 6c. cotton and 10c. to 20c. wool; for, while the latter has been bought freely for future use, at these abnormally low prices, the past two months, as cotton had been before, the money required to carry it has been much less than ever before. With the most money ever before idle, therefore, it has required less than in the history of trade, to do the same amount of business. The same effect of the same cause is seen in Europe; and, it has been taken there, as here, for evidence of a falling off in the volume. The *Times*, London, dispatch says upon this point:

The tide of gold has at last turned outward for the first time this year. A good amount has been taken from the Bank of England for Germany, but the movement is probably but temporary, and has had no effect on rates, and the attempt of the banks to lift them has proved abortive. The bank reserve is reduced but a very little, and bears an enormous proportion to its liabilities. There is but slight appearance at present of stiffening rates, as is usual at this time of the year, on account of the general inactivity in trade.

GENERAL BUSINESS AND RAILROAD EARNINGS.

As the earnings of railroads, from their freight traffic, are the surest and quickest gauge of the general business of the whole country, as well as of any section, those earnings have been watched with greater interest the past month, than for a long time, to see if there is improvement and the measure of it.

Upon this point, the *Financial Chronicle* says: We give this week fifty-seven roads which show, for the second week of September, somewhat less earnings this year than last year. Generally speaking, that statement will be taken as an indication or measure of the degree of activity at present prevailing in the industries tributary to those roads and which the roads are sharing in. Whereas, if we could eliminate the passenger traffic and compare only the freight traffic, that is the business being done which flows directly from productive enterprises, the 1894 returns would indicate a condition of quickened exchanges of far larger proportions than they appear to do. Last year a delegation from almost every community was on the road to Chicago. This was not in any degree evidence of commercial operations. The travel this year is deprived of that stimulus, and consequently passenger traffic makes a much smaller item in the total, and yet the gross earnings fall but little below the gross earnings of a year ago with all its World's Fair travel. That means that industrial activity is very much greater than it was in 1893.

As this covers only the first half of the first month, after the new tariff went into operation, and, before its direct effects could be generally felt, except in removing the tariff millstone from the neck of business, the above may be regarded as a satisfactory showing, and, as an earnest of still greater activity. But the complete returns for August show that this improvement had set in before the end of the tariff struggle and in spite of it. The *Post's* financial article thus comments upon this fact:

That the lowest depth of after-panic stagnation was touched in July, and that August was a month of decided and genuine improvement, is clearly shown by the railway traffic statements now appearing. Foremost in interest and in significance, as usual, is the Pennsylvania's report. The showing of this great Eastern Trunk line is remarkable. Not only do the net returns of its Eastern system show a gain of half a million over August, 1893, but they run nearly \$90,000 above the returns of 1892, and have been exceeded in only two out of the past eight years. Two other circumstances merit note. One is the fact that the Pennsylvania's gain in August net is for the first time chiefly due to actual and large increase in gross. The other is, that the gain in gross receipts, compared with last July, is nearly a million dollars. Compared with June or May, it is larger yet. The "Big Four" system, whose report also appears to-day, has a similar comparison to make. Its August gross returns show a gain of \$294,500 over July, its net a gain of nearly \$223,000. Last year this road was in August an enormous gainer from the World's Fair traffic; yet the net returns at hand are \$16,932 larger than in 1893. The Reading alone makes poor comparisons in all directions, even with the month of July. Its August report is indeed an unpleasant but quite truthful mirror of the anthracite situation.

TRUNK LINE PROSPECTS BETTER THAN THE GRANGERS'.

Since then the New York Central's report, showing the same tendency, has been published, as well as its regular dividend declared, both of which were a happy surprise, after the wet blanket of the Rock Island statement and reduced dividend had been thrown on the stock market. But the latter is the worst sufferer by the Iowa and Nebraska short corn crop and an exceptional case,

unless the C., B. & Q. is in the same boat, though covered up by reduced expenses. This is the cloud to this silver lining, for some more of the Granger roads running through the corn drought sections where the damage has been most severe, may be similarly affected, although it has no doubt been exaggerated, as was the crop damage, owing to speculation in both Granger stocks and corn. On this point a Chicago railway correspondent says:

Railroad managers are not feeling encouraged over the prospects for business in the future. West of the Missouri River the grain traffic of the leading roads is hardly sufficient to pay running expenses, and the Burlington is said to have handled little over 200 cars in the last two weeks. The west-bound business is larger, however, with every indication of keeping up for some time, as sales of merchandise have increased.

Passenger traffic is improving, and the prospects for a good business this fall are more favorable. There is a steady increase in travel Eastward, and it is expected to continue. The special excursions on Saturday and Sunday are now an important factor on all the Western roads. Some of the Southern roads are now also working in the same direction, as it is said that the making of special excursion rates from points within 200 to 250 miles from this city for \$2.00 for the round trip for Saturday and Sunday is paying the roads well, and those that have not done so are disposed to try the experiment. Travel southward is starting in slowly, but is expected to be at least 25 per cent. larger than last year.

Prospects are that the Northwestern roads which traverse the lumber territory will have a good business the coming fall and winter, as lumbermen are making strong efforts to sell their stock in this State and Indiana as the crop prospects are regarded better than in the Northwest; but it is hardly probable that the increased traffic this way will compensate for the loss of the Western business.

THE STOCK MARKET AND RAILWAY REORGANIZATIONS.

Another of the signs of the times in Wall Street that is almost certain to be regarded as indicating improvement or returning prosperity, is the success of several railway reorganization schemes and the promise of more that have been hanging fire or failed during the past year and a half. Attention has been called to this fact by the recent success of the chronic bankrupt concern known as the New England Road, whose shareholders have just paid their fourth and last assessment. Another bankrupt company has also just completed a most difficult but successful reconstruction.

The *Post* says of these: The old Richmond Terminal wreck has been rebuilt by a rather remarkable effort of financial skill, and to-morrow's auction sale of old treasury securities, held to perfect the title and cancel the obligations, is the last step in the clearing away of the rubbish of insolvency. These are the solitary instances. The other bankrupt railways vary in their present situation from the Reading, which has a plan privately in hand with some chance of success, and the Toledo and Ann Arbor, where six rival committees are fighting for the perquisites of reconstructing 300 miles of road, to the Union Pacific, which is so en-

meshed in Government obligations that even guesses as to its future are altogether hopeless. Yet the success even of one or two reorganizations is an important factor in the general problem, and it is true, moreover, that underlying conditions have altered considerably with the better feeling in the market. It is interesting to note, that in the two first-mentioned reorganizations, the advance in price of New England stock, since the day before the first assessment payment, has been nearly 30 points, or 10 points more than the total cash paid in would of itself have added. The Richmond Terminal's stock, allowing for the value of new securities acquired for the assessment, has gained in price nearly nine points more than the cash paid in. This is a most important change from the situation of a few months since, when an assessment was hardly paid to a reorganizing committee before the stock, assessment on, sank back almost to its previous low level.

This state of affairs is reflected in the stock market, for, while the possibility of successful reorganization has a strengthening effect, there are too many financial wrecks left on the Street which have not been cleared away and of the prospects of which little as yet can be said. Of these, the Atchison has still the most depressing effect on the minds of the public, and it especially has driven Europe out of our market and seems likely to keep her out until something is done to get its offensive history out of people's minds. The same effect is felt here; and hence Wall Street and the stock market are the dullest and bluest places in the country. Indeed, it is a righteous judgment upon the Stock Exchange for allowing securities of corporations to be listed there, without requiring them to submit regularly published statements to a Stock Exchange auditor, together with their books for verification, since the public has reason to want confidence in railway bookkeeping, since the Atchison scandal. In the eagerness of the Stock Exchange members to get business, no matter how, they have neglected to protect the interests of their patrons, the public; until, tired of being buncoed, the public has deserted them as they deserve; and, it is to be hoped that the public will not change its mind until the Stock Exchange shall change its present loose and irresponsible methods of doing business. It is this distrust of Wall Street and not of the country that keeps it in the rear of the procession of improvement instead of in the van, as in the past.

WHEAT PRICES AND PRODUCTION.

Another year of depression in this trade seems before us, as the world's supply still continues in excess of the demand, notwithstanding this year's prices have lowered last year's lowest panic record by 10 to 12c. per bushel. Cost of production had already been passed, in the downward course of prices a year ago, according to established estimates, at least for this country and Western Europe; yet, in face of this, the present year's production, the world over, has increased 72,000,000 bushels over the

average of the previous three years, which showed a greater increase than for the preceding three years, or than for the past 13 years, during which the great decline in prices of wheat has occurred.

The *Journal of Commerce and Commercial Bulletin* prints the following figures, based upon the world's crops for the past twelve years, according to the tables of Dornbusch, the recognized English crop authority:

"With a normal increase of about 4 million quarters of wheat annually the world's crop has been steadily increasing since the great decline in prices began early in the eighties; but this increase has been more rapid in the last half of the last decade than in the first, notwithstanding the greatest decline has occurred in the last half. The three years ending 1884 averaged $266\frac{1}{2}$ million quarters; the three ending 1887, $269\frac{1}{2}$ million, or 3 million increase; 1890, $274\frac{2}{3}$ million quarters, or $5\frac{1}{3}$ million increase; 1893, 299 million quarters, or $24\frac{1}{2}$ million increase, while this year's estimate makes 9 million quarters over the average of the last 3 years."

But even these figures do not tell the whole story; for, they are based upon the various Government official crop estimates of the producing countries, which, as shown in our last month's article, are at least 100 million too low this year, if not 150 million, in the case of the United States, whose crop of last year turned out nearly or quite 100 million bushels in excess of the Agricultural Bureau's estimate of a year ago. Yet this year's world's crop is estimated by the same authority to be 26,500,000 quarters, or 212,000,000 bushels in excess of the world's annual consumption for food and seed, which must be carried over into another crop, in addition to stocks in reserve and surplus of last crop, estimated at 50,000,000 quarters or 400,000,000 bushels, from the three previous crops; the world's surplus reserves having been about used up in the short crop year of 1890. Nor is this all; the new crop of Argentine for January-February shipment is being already offered in London, at a discount under present bottom record prices there, of but little over 18 shillings per quarter for native English wheats. What the end will be, who can foresee?

THE FUTURE OF WHEAT.

This is a bad outlook in the near future for American farmers and our agricultural interests, which we have hitherto regarded as the source of our National prosperity. But it is an unalloyed blessing to the great majority of our people who are consumers. Herein also lies the foundation, together with cheaper raw material, of our future manufacturing supremacy over Europe, upon which we must soon depend for our nation's prosperity, instead of upon her producers of food, feed, and raw materials. In the meantime, however, it reduces the value of our exports, and the balance of trade in our favor.

As stated above, these estimates are based on official Government crop reports or estimates, which are notoriously and persistently gross underestimates in our own country. The same interest would lead other surplus, or exporting countries, no doubt, in the same direction, unless their interest should be greater to make a good financial showing, on which to float European loans, which none of these countries have been offering for two years or more. Hence it is safe to suppose that their surplus is above the foregoing estimates, though not as much as our own is admitted to be by the best, conservative authority in this country—the Cincinnati *Price Current*. On the other hand, the importing countries of Western Europe are interested to make their crops appear as large as possible, which would in part offset the surplus underestimates, in the foregoing figures. The great capitalists in the trade here, and in Chicago, who bulled wheat all last year, because it "could not be produced for the prices it was selling at," have lost their courage and faith in the future of wheat with their money, and dare not now buy it at 10 to 15c. per bushel, less than they jumped at it, after the panic last year. Meantime Europe is an indifferent buyer at these prices, as she has got tired of "filling up her depleted reserves at low prices," as they seem to get depleted no more, and she is only buying our magnificent quality of new crop to mix with her native wheats, which, owing to a wet harvest in England and France, are too damp to grind alone. This is the only advantage we have this year, as our crop was so fine that we have no poor wheat even for feeding, for which a large amount is being used, while the scarcity of old crop corn is still holding its price at, or above that of wheat. But the new crop of the former has matured early and will be in market earlier than usual, and nearly, if not a full average crop, and prices must drop back to their natural level below wheat, so soon as the movement becomes general, as has lately been the case in oats, which, under similar circumstances, were above the price of corn two months ago or more; for, every week since the drought West was broken, has shown rapid improvement in corn as well as in pasturage, while the drought damage is proving much less than expected where harvesting of corn has begun. Hence, after a little, this new demand for wheat will cease and consumption and prices of both become normal by the end of 1894.

THE BULL MOVEMENT IN CORN AND PROVISIONS

has been based almost wholly upon the Government report of a billion one hundred million corn crop; which, though now discredited by the trade, had afforded the cliques in Chicago the excuse needed, to force the prices of these products to a ridiculous height, compared with those of flour and wheat and other food and feed products. This was made possible, on account of the

small surplus of old crop of corn and hog products left over, and the comparative scarcity of spot stocks, which the cliques bought up and held off the market, or at fictitious prices, until they succeeded in scaring in the short interest in both, which had increased on the advance, beside being large to start with, on the July prospects of a corn crop nearer three billion than two, which was the largest previous crop ever raised. It was this that ran corn nearly 10c. over the price of wheat, a thing unprecedented in the history of the grain trade. Instead, however, of accounting for it on the scarcity of old crop, the public took the cliques and the Agricultural Bureau at their word, and went to buying next crop options of both corn and hog products; and, with the manipulations of these cliques, ran prices of both out of all reason, even had the corn crop been as short as the Government report of September 10th made it. At these prices the cliques unloaded on the public, which got inveigled into these markets, though not into railway stocks, since when prices have been steadily dropping in both markets, and have only been kept from a heavy break by the support of the cliques, though the new crop of neither hogs nor corn has yet begun to move, it being too early. The millions likely to be lost, on this year's Government crop reports, by the people of this country, is likely to be greater than last year, while their losses have only begun to be counted, if trade opinion and the latest and most reliable reports of the corn and hog crops are reliable. Of the latter there is little doubt, as the *Price Current*, which is always low enough, now admits a billion five hundred million corn crop, with later improved conditions; while trade estimates run as high as 1,700,000,000, which is an average crop, with good feed crops in Europe, and a poor export demand for ours in prospect this year, against an abnormally large one last, on short feed crops there.

THE COTTON SUPPLY AND SITUATION.

Like wheat, cotton continues to be produced in excess of the world's requirements, year after year, in face of a steadily declining market, and of the lowest prices on record. With prospects of the largest crop ever raised in the United States, or over nine million bales, prices of this staple have practically reached a 6c. basis, without any material stimulation of demand, either legitimate or speculative, for investment or higher prices. The reason is that a large surplus has been carried over from last crop, estimated at from three to four million bales in the world's supply, which, with this crop, will give a total world's supply, for the coming year, of twelve to thirteen million bales. At the same time the world's annual consumption is from eight to nine million bales, according to the times, which will leave another surplus, to be carried over

into next year's crop, of four million bales again. As in wheat, there is too much; and, the present prices, though regarded as abnormal, offer no inducement to buyers, as there seems to be no tendency as yet to reduce the world's production, even at what were once regarded as ruinous prices, while this is the only thing that can permanently raise the present low level of values. On the other hand, this huge supply has weighed upon the market so long, together with the general stagnation and depression, that the new crop basis of prices is believed to have been discounted, and that any improvement in consumption or general business will help the market.

IRON AND COAL TRADE PROSPECTS.

While the general condition of the iron trade is still far from active, or even satisfactory, there are straws which show the wind of improvement to be blowing in that direction, though gentle breezes only have yet struck any branch of it. The following dispatch from Chicago is more encouraging than expected from that place, in view of its being the center of the blue talk in railroad circles, though it may be accounted for in the belief that some of their managers have been short of their own stocks in Wall Street, as well as long of corn on the Chicago Board of Trade. This dispatch from a well-posted railway correspondent to his paper here, says:

Despite the poor prospects for business in the West, the leading Western roads have within the past two weeks bought about 10,000 tons of steel rails, one road taking 5,000, and another 3,000 tons, which are the largest purchases made in many months, and have enabled the Illinois Steel Company to secure sufficient orders to keep their rail mills busy until December. This fact is regarded as important, as it shows that confidence is returning faster than was expected.

In other branches of the trade there is also an improvement in demand, though no general activity, while the supply is still enough in excess of current requirements to give the buyer, in most cases, the advantage, as there is no disposition to anticipate future wants.

The coal trade is in its chronic state of overproduction at this season of the year; and although the schedule prices have not been changed, the market price has been altogether another thing, as secret rate-cutting, like that of railroads, makes prices very uncertain, in the competition between agents to get dealers' orders. At all events, the retail price of domestic sizes is nearly \$1 less than a year ago. These conditions are reflected in the stock market, and in the statement of earnings of the Reading, the Jersey Central, and even the Erie, whose coal business is enough to more than offset its improvement in Trunk line traffic.

H. A. PIERCE.

FINANCIAL FACTS AND OPINIONS.

The Annual Convention of the American Bankers' Association.—

The annual convention which is to be held at Baltimore on the 10th and 11th of October, it is believed, will have a much larger attendance than any convention for several years. Of one thing all will be assured, the Baltimore bankers will make the occasion a most enjoyable one. Of late years bankers have been inclined to give the meetings "the go by," partly because business has required their presence; but this year business happily is not in the way. Of course, the autumn is regarded as less favorable for such meetings than almost any other time, yet it has always been found difficult to fix on any other. One of the reasons for the slim attendance has been the aimlessness of the association. It did not seem to be worth the while to go a long way and spend two or three days to attend a gathering having nothing to do. But if the association of late years has drifted like a disabled, rudderless ship it cannot be said there was nothing for the association to do, for in truth there are many things that are within its province which it might have accomplished. Again and again we have referred to the revision of our commercial laws, especially those relating to negotiable paper. Every banker thinks that there ought to be more uniformity in the rules relating to negotiable paper, and the association is the most fit body in the world for undertaking the work of unifying them. There was a committee appointed on this subject several years ago, but the only report ever made was that of "progress." The association might, however, attempt to effect specific changes in the law, like the protesting of notes, notifying indorsers, etc., and this would not be difficult or impossible. Mr. Van Slyke, president of the First National Bank of Madison, Wisconsin, one of the best known bankers in the country, and who probably has never neglected to attend a single convention, started a movement for abolishing days of grace, and the ease with which this antiquated custom has been abolished ought to encourage the association to attempt something more in the same direction. It is hoped that the bankers will find it convenient to attend very generally this year, and that the convention will accomplish enough to repay them for going.

Free Silver.—The platform adopted by the Democratic convention in Ohio contains a resolution relating to free silver, which it is supposed will be incorporated in other platforms. It would seem, therefore, that the old paper money question is once more

to be agitated, for free silver is nothing but a cheaper or poorer money than that now existing. In almost every country there is a party who believe in cheap money, composed of those who have been disappointed in business, or who are heavily in debt, or who believe that by thus cheapening the value of money it will be easier for them to discharge their burdens. From a political point of view, doubtless the leaders have no real heart in this question. They have introduced this plank because they believe it will find favor with the people. If the verdict in November shows that it has many supporters, doubtless it will be a prominent question in the next presidential contest. On the other hand, if the public sentiment is not so strong as the political leaders imagine, it may find no place at all. Perhaps it is well to give the question a preliminary trial in the elections this year. Surely, if the issue is now raised and the leaders are disappointed over the result, the question may be settled for some time, though, of course, not permanently, so long as there are people in the world who either do not understand the principles of money, or if they do are regardless of them.

Costly Bank Buildings.—The New York *Sun* has declared that the most unprofitable and unproductive buildings in New York devoted to business uses, are the structures built by the large savings banks. The National banks and insurance companies within a few years have erected mammoth buildings, but chiefly for profit. In other words, their buildings have been regarded as desirable investments. But this cannot be said with respect to some of the savings bank buildings in New York City. Thus the new white marble building of the Bank for Savings, covers one of the most valuable sites in New York, yet has been constructed without reference to any revenue. It is so with the Dry Dock Bank Building on the Bowery, the Greenwich Bank Building on Sixth avenue and Sixteenth street, and with the new savings bank buildings generally. The reason why a different rule prevails among savings banks is this: "There are no stockholders in savings banks. All that remains over after the payment of the customary interest to the depositors, goes in what is called the surplus fund. It is not divided among those who conduct the bank. There is no outlet for it. The accumulations of years become finally a sort of guarantee fund for the depositors, but as they are never so divided the practice has become general among the older banks to put the money into a new building, with no reference to increasing the surplus." How great these surplus funds are, recent figures show. At the beginning of the present year, the Bowery Savings Bank had an unused surplus of \$8,500,000; the Bank for Savings, or "Italian Bank," as it has come to

be called, had \$6,500,000; the Seamen's Bank had \$7,000,000; the New York Savings Bank, at Eighth avenue and Fourteenth street, \$1,909,000; the Manhattan Bank, \$1,000,000; the Citizens' Savings Bank, \$1,300,000; the Dry Dock Bank, \$1,700,000; the German Savings Bank, \$3,000,000, and the Emigrant Savings Bank, \$7,000,000. It is a fact not everywhere known that New York savings banks do not invite deposits of large amounts of money, and they pay a smaller rate of interest for sums in excess of \$1,000 than on amounts of less than that figure. They keep a special record of depositors having more than \$3,000 to their credit. This is the record of such fortunate persons in each bank: Fifth Avenue Savings Bank, 3; Bank for Savings, 40; Bowery Bank, 8; Broadway Savings Bank, 29; Citizens' Savings Bank, 1; Dry Dock Bank, 8; East River Bank, 10; Excelsior Bank, 18; Franklin Savings Bank, 44; German Savings Bank, 7; Harlem Savings Bank, 91; Manhattan Savings Bank, 1; Metropolitan Savings Bank, 1; New York Savings Bank, 1; Seamen's Savings Bank, 15, and West Side Savings Bank, 10. The Greenwich Savings Bank has 480. These great buildings, of course, are a kind of monument to those concerned in their construction, but otherwise, they have not the merit even of advertising mediums, as savings banks have no occasion to advertise their business. We recall that several years ago two life insurance companies in a neighboring State erected large buildings as substitutes for the cheap and unpretentious structures which they had formerly occupied. One of the consequences was that the members of the Legislature began to inquire more minutely into their management, and concluded that if they could afford to erect such great buildings, they certainly could afford to pay more taxes to the State, and the outcome of their architectural enterprises was the imposition of a State tax which they have been compelled to pay to this day. Added to their original cost, they are indeed enormously costly structures. Very likely the outcome of erecting such costly savings bank buildings in New York may be to draw the attention of the Legislatures more to their ways and methods, and in the end some other additional burden may be put on them which cannot easily be borne.

State Warrants as Currency.—The Treasury Department has instituted proceedings against the Governor and other officers of Mississippi to punish them for circulating State warrants as currency. The proceeding is founded on a criminal statute which forbids the circulation of anything possessing the similitude of notes authorized by the United States. There is a provision in the constitution of the United States that no State shall emit bills of credit, and if the Mississippi officials have been guilty of any

legal infraction one would suppose it is this. If the warrants are bills of credit, and surely their authors intended they should be, then their action is a violation of the federal constitution, whether they look like United States notes or any other kind of notes. On the other hand, if such obligations may be lawfully issued by a State, the fact that they are employed as currency is nothing against them, as they are not a legal tender in payment of debts. Under the constitution Congress has power to coin money and regulate the value thereof, and to provide for the punishment of counterfeiting the securities and current coin of the United States. Congress also has power to issue notes and make them a legal tender, but the question has never been decided that the issue of notes is an exclusive privilege of the United States Government. Notes have ceased to be issued by banks under State authority for the well known reason that Congress has imposed a ten per cent. tax on such issues, which in effect is prohibitory. The notes, or warrants, or certificates issued by Mississippi are not subject to this tax, but it is proposed to prosecute those who issued them, as counterfeiters of the securities of the United States. The prosecution is not based on a very solid foundation and it is believed that it will not succeed.

The World's Gold Production.—The diminished use of silver in this country as money has affected its value to such a degree that many of the silver mines have been closed, and the miners, in many cases, have turned their attention to gold production. It is gratifying to learn from the Director of the Mint, and other sources, that the gold production of the world has increased, and, indeed, has reached a figure exceeding that of any previous period in the history of gold production. The increase in the United States is one of the consequences of repealing the law providing for the purchase of silver by the National Government. The increased output has been considerable, and is likely to be still larger at an early day, as the law in California, which prohibited hydraulic mining, has been so repealed or modified that the industry is reviving in that State. The largest increase, however, has been in South Africa. Evidently the gold-bearing rocks of that country are of great extent, and while not very rich, yet with the improved methods of mining there is every reason to believe that South Africa will, perhaps, take the first rank among the gold-producing countries of the world. Quite recently some new discoveries have been made in Western Australia, showing the existence of gold in very large quantities. Notwithstanding the great difficulties in working them in consequence of a lack of water, great heat, etc., these will probably be overcome and Australia may still continue to hold its prominent place among

the gold-producing countries of the world. We have reprinted elsewhere a considerable portion of an article that appeared in a recent issue of the *New York Evening Post* which will doubtless interest our readers. Every effort should be made to stimulate the production of gold, and we have no doubt that the increase reported during the last year is inconsiderable compared with that which may be expected in the years to come. The improvements in the methods of quartz mining are so great that even gold-bearing rocks that would have been unprofitable a few years ago to crush can now be worked with profit.

Crop Reporting.—For several months the newspapers have had much to say concerning the inaccuracy of the returns furnished by the statistician of the agriculture department at Washington. One thing is certain, that the returns obtained from different sources have varied greatly. The belief is that those from whom the statistician has obtained returns have fooled him. It is asserted that the statistician has depended largely on persons who were interested in reporting figures below the true ones for the purpose of influencing prices. No one questions the honesty of the statistician, but suppose that he has been misled by his informants. At all events, the inaccuracies have been so great that others have been led to make investigations. One of the latest is by the First National Bank of Chicago. It is believed that the sources from which the information has been obtained are more trustworthy than those of the National statistician. The First National Bank obtained statistics from bankers in the farming sections, who are, of course, less directly interested in falsifying the returns than the farmers themselves. But the question may be asked, what reason exists for obtaining such information by the Government at any time? If, on the other hand, it is within the province of a National officer to collect annual statistics concerning the production of wheat, corn, cotton, etc., why should not this duty cover, or be extended, over the entire field of production? Is there any good reason why the functions should be limited to certain grains or products of the earth? We can discover no reason why a line should be drawn between a few of the products of the earth and other products. It is true that various agencies exist for collecting annually, or at other stated periods, the results of human effort, and such work is doubtless very useful and certainly is desired by the people, but we again repeat that there is no reason for limiting the action of the Government to a few products. Either the scope of the National statistician should be broadened to include all, or else the office should be abolished. Surely, at present his work is quite useless. On the other hand, if the scope of the office was

thus broadened doubtless the machinery for collecting the results would be far more efficient than that which now exists. It is plain, therefore, that either one policy or the other should be adopted, and an end put to the present farce.

DEPOSITS.

There are two kinds of deposits, general and special. The relationship between a bank and an ordinary or general depositor is that of debtor and creditor; nor does the payment of interest thereon change the relationship. As the bank must return the deposit, no question of liability for safe keeping can arise. (*Pittsburgh Nat. Bank v. McMurray*, 98 Pa. 538; *Farmers & Mechanics' Bank v. King*, 57 Pa. 202.)*

Special deposits are also of two kinds; one kind consisting of money, and the other of stocks, bonds and other obligations. The deposits of money are for a specified period and usually bear interest, and the same rule of liability applies to their safe keeping as to general deposits. A bank, therefore, cannot set up the fraud of its own officers as an answer to a demand for their repayment. (*Steckel v. First Nat. Bank*, 93 Pa. 376; *Ziegler v. First Nat. Bank*, 93 Pa. 393; *Resh v. First Nat. Bank*, 93 Pa. 409.) This rule though does not apply to the keeping of the other kind of special deposits. Occasionally they are lost, and then the question arises, is the bank responsible for their loss, or must this be borne by the depositor?

First—If they are kept with the bank's knowledge and without a reward, it is responsible for their loss only when this happens through gross neglect, which must be proved. (*Bank v. Rex*, 89 Pa. 308; *DeHaven v. Kensington Nat. Bank*, 81 Pa. 95; *Comp v. Carlisle Deposit Bank*, 94 Pa. 409.) And if a bank takes the same care of such deposits as of its own, the presumption of gross negligence is ordinarily repelled. The desire to preserve one's own property from loss from any cause is so universal that the

* An interest-bearing time deposit is not a deposit within the meaning of the Act of May 13, 1876, relating to deposits, but is a loan. "The term deposit is confined to money placed within a bank, to be drawn upon, or used by the depositor at pleasure, or call, upon the presentation of his check." *State Bank of Lock Haven's Case*, 13 Pa. C. C. 433. And when a bank is prohibited by its charter from paying interest on deposits, but is permitted to borrow money, it must be presumed that the institution, in issuing interest-bearing time certificates of deposits, was acting within the terms of its charter, and not in direct violation of it. *Ib. Frankenfield's Appeal*, 11 W. N. 373; *Baer's Appeal*, 127 Pa. 360. Depositors in a bank chartered under the above act are preferred creditors, and must be paid in full in preference to other creditors. *Ib.*

mind rests with satisfaction on the evidence which shows the same care of bailed property which the bailee took to save his own, unless he was grossly negligent in caring for both; when this happens he is not excused, but is held answerable. (*First Nat. Bank v. Graham*, 79 Pa. 106 s. c., affirmed or reversed, 100 U. S. 699; *Loyd v. West Branch Bank*, 3 H. 176; *Scott v. National Bank*, 72 Pa. 471; *Lancaster Co. Bank v. Smith*, 62 Pa. 54.) In *Tompkins v. Saltmarsh* (14 S. & R. 275), Mr. Justice Duncan remarked, in delivering the opinion of the Court: "Where one undertakes to perform a gratuitous act, from which he is to receive no benefit, and the benefit is to accrue solely to the bailor, the bailee is liable only for gross negligence—*dolo proximus*--a practice equal to a fraud." But is the rule thus established by the Supreme Court free from criticism? In the first place, is it true that the bank is ever a gratuitous bailee? Is not some reward or return, directly or indirectly, expected, either at that time or in the future? A bank does many things without any present reward, expecting to gain some return ultimately. Banks often collect checks for nothing, give drafts on other places for par, and many other acts, expecting to win the good opinion of those for whom these things are done, and ultimately to get in return some profitable business. One of the things is the taking of deposits for safe keeping. Ought not a bank, therefore, to be required to take the same care of them as of its own; and, in truth, is not this always done? The cases in which this is not, through the fault of some officer or employe of the bank, are very rarely, indeed, those of negligence, but of fraud or theft.

Second—If they are taken by the cashier without the knowledge of the bank directors, then the act is his own, and the bank is not responsible for their loss; but if they have knowledge and acquiesce in his taking of them, then his act becomes that of the bank. (*First Nat. Bank v. Graham*, 79 Pa. 106; *Steffe v. Bank*, 22 Pitts. L. J. 157.) In *Comp v. Carlisle Deposit Bank* (94 Pa. 409), the depositor took a receipt from the cashier for his bonds that they were received "for deposit in the vault of this bank at the risk of the depositor." The directors had no knowledge that the bonds were left at the bank by the cashier's request, as the depositor claimed; bonds were thus received for safe keeping without compensation, there was no negligence shown in keeping them, and the bank was declared to be not liable for their loss.

Third—But if such deposits are received by a bank officer on his own responsibility, and they are fraudulently pledged for a debt of the bank, it is responsible, for it cannot retain the fruit of his crime, and repudiate his act. (*Hughes v. First Nat. Bank*, 110 Pa. 428.) And if a depositor is ignorant of the officer's act, the Statute

of Limitations barring his recovery does not begin to run against him until his discovery of the fraud. (*Ib.*) Nor will the law presume of notice of the fraud from external circumstances, which may have been sufficient to put a prudent man on inquiry. (*Ib.*)

Fourth—If a deposit be made with the officer of a bank, and not with the bank itself, the depositor cannot recover from the bank. (*First Nat. Bank v. Williams*, 100 Pa. 123.)

Prima facie a deposit belongs to the person in whose name the money is deposited, and a bank is justified in paying it to him unless a notice has been received that it is claimed by another. (*First Nat. Bank v. Bache*, 213; *Farmers & Mechanics' Bank v. King*, 57 Pa. 202.) Indeed, in the absence of any claim by the real owner, the bank cannot dispute the depositor's right to the deposit, and must honor his check. (*First Nat. Bank v. Mason*, 95 Pa. 113; *Hemphill v. Yerkes*, 132 Pa. 545.) And if a depositor opens an account as agent without disclosing his principal's name, the money belongs to the depositor. (*Citizens' Nat. Bank v. Alexander*, 120 Pa. 476; *Patterson v. Marine Nat. Bank*, 130 Pa. 419.) Or if the word "assignee" is added to the depositor's name, the fund is not thereby ear-marked, and given an identity which it would not otherwise have had. (*Laubach v. Leibert*, 87 Pa. 55.) And in such cases, therefore, the bank cannot pay it to another without proving that it belongs to him. (*Citizens' Nat. Bank v. Alexander*, 120 Pa. 476; *Patterson v. Marine Nat. Bank*, 130 Pa. 419.) But if another can show that it belongs to him, or his creditors can show this, its payment may be stopped on giving proper notice to the bank by the claimant. Of course, the burden of proof is on him to prove his title thereto. (*First Nat. Bank v. Mason*, 95 Pa. 113, 117; *Harrisburg Bank v. Tyler*, 3 W. & S. 375; *Frazier v. Erie Bank*, 8 W. & S. 18; *Jackson v. Bank*, 10 Pa. 61; *Bank v. Jones*, 42 Pa. 541; *Stair v. York Nat. Bank*, 55 Pa. 364; *Arnold v. Macungie Sav. Bank*, 71 Pa. 290; *Egbert v. Payne*, 99 Pa. 239; *Farmers & Mechanics' Bank v. King*, 57 Pa. 202; *Hemphill v. Yerkes*, 132 Pa. 545; *Bank v. Macalester*, 9 Pa. 475.)

When the deposit is claimed by two or more persons the bank must be regarded as a mere stockholder and may demand indemnity before paying it. (*Stair v. York Nat. Bank*, 55 Pa. 364.) And when notice has been given accompanied with proper indemnity a bank will pay at its own risk. (*First Nat. Bank v. Bache*, 71 Pa. 213; *Farmers & Mechanics' Bank v. King*, 57 Pa. 202.) Thus, B. employed S. to take timber from his land, but was to have a lien thereon for the value of it. S., however, sold the timber and received a note in his own name, which was collected. A bank B. gave notice to the bank that the money belonged to him and not to pay it to S., and indemnified the institution. Neverthe-

less, the bank paid S. This it ought not to have done. (*First Nat. Bank v. Baché*, 71 Pa. 213.) In another case H. deposited in a bank the proceeds of an excursion to the credit of himself and two others, as "trustees of Post 13, G. A. R." The bank paid the deposit to him after notice by the Post not to do so. In a suit by the Post against the bank, the evidence of ownership of the deposit was conflicting. *Prima facie* it belonged to the Post, and the burden of proof was on the bank to show that the money belonged to H. When on the stand he was asked: "Did you receive one-half of the profits of the excursion, a portion of which is the amount in dispute, and had you proposed before the Grand Army of the Republic that they should have one-half of the profits?" It was decided that this was a pertinent question touching the ownership of the fund. (*Arnold v. Macungie Sav. Bank*, 71 Pa. 290.)

The depositing of money by a person as an agent for another creates no presumption that he is an agent to withdraw the same. (*Fletcher v. Integrity Title Ins. Trust & Safe Deposit Co.*, 31 W. N. 504; *Kerr v. People's Bank*, 158 Pa. 305.) And if money is deposited to the credit of A., attorney for B., neither the bank nor A. can deny B.'s ownership; but if the money belongs to a third person, on giving notice of his claim to A. and the bank he can recover it if his right thereto is established. (*Burger v. Burger*, 135 Pa. 499; *Citizens' Nat. Bank v. Alexander*, 120 Pa. 476; *First Nat. Bank v. Mason*, 95 Pa. 113.) Without proof of fraud a deposit in the name of a third person is *prima facie* in payment of a debt due to him, and his ownership will prevail over that of all persons. (*Ferry v. McKenna*, 9 Pa. C. C. 17.) If a bank in receiving money for A. is informed that the deposit is made for B., and that the money belongs to him, and opens the account with B., but permits A. to sign B.'s name on the signature-book and makes no communication to B., it is nevertheless liable to him if A. is allowed to withdraw the money, although A. signs B.'s name to the check. (*Fletcher v. Integrity Title Ins. Trust & Safe Deposit Co.*, 31 W. N. 503.) Nor is the bank's liability altered after paying several checks by permitting A. to alter the signature on the checks, and to change the signature in the signature-book to "A., trustee for B."

When a bank has notice of the ownership of a deposit from the principal, it cannot be taken by the agent's creditor, or by any other person intending to make a wrongful use of the same. A bank issued its own check at the request of Gray, and it was charged to Gray's account. He was the agent of Frankish, and had on deposit at the time more than the amount of the check. Frankish afterward informed the cashier of the bank of Gray's unfaithfulness and desired that he would not pay the check men-

tioned if presented by one of three persons, naming them. The cashier, while willing to do anything he could to protect Frankish, nevertheless paid the check to one of the three persons on his affidavit that he was the holder for a consideration. Frankish sued the bank to recover, and the jury returned a verdict in his favor, which, except "for a single error," said the higher court, "might have stood." The judge who charged the jury had said: "If you believe the testimony in regard to Gray's transactions then the burden of proof is on the bank to show that they did pay the money over to a *bona fide* holder for value." "This," said the Supreme Court, when reviewing the case, "was laying a burden on the bank it was not entitled to bear. The check in question was the bank's own check, that is, it was issued by the cashier at the request of Mr. Gray, against whose account it was charged. The check was strictly commercial paper and every holder is presumed to be a holder for value. Does the mere fact that the bank had been informed by Frankish of Gray's fraud, and of his suspicions that Howells was in collusion with him, accompanied with a request not to pay the money to Howells, change the burden of proof? It is sufficient to say there was not enough in the case to throw upon the bank the burden of showing the *bona fides* of Howells' holding. It had a right to rely upon the presumption in his favor. The burden of showing that Howells was not a *bona fide* holder rests upon those who assert it." (*Penn Bank v. Frankish*, 91 Pa. 339.)

In like manner when a principal asserts his right to a deposit before its payment, and gives notice of his ownership and unwillingness that the money should be paid to the agent, his right thereto ceases. (*Farmers & Mechanics' Bank v. King*, 57 Pa. 202.) Likewise, when money has been deposited by the drawee in a bank to pay a draft which is not there nor due, the drawers have no interest therein until the money has been applied. The drawee, therefore, may revoke his direction at any time before the money is applied. (*First Nat. Bank v. Higbee*, 109 Pa. 130.) And if a principal's money has been placed in another's possession by his agent, the depository's promise of payment to the agent is no objection to the principal's recovery. (*Frazier v. Erie Bank*, 8 W. & S. 18; *Bank v. Jones*, 42 Pa. 536; *Stair v. York Nat. Bank*, 55 Pa. 364. See *Jackson v. Bank*, 10 Pa. 61; *Farmers & Mechanics' Bank v. King*, 57 Pa. 202.)

When deposits are received a bank becomes a debtor to the depositor, and discharges its indebtedness in response to his checks or orders for payment. (*Farmers & Mechanics' Bank v. King*, 57 Pa. 202.) His deposit cannot be misapplied. A deposit, therefore, belonging to a depositor cannot be applied by a bank to pay his agent's indebtedness. Or, if money is deposited by

an agent in that capacity and notes are discounted for him by the bank personally, and afterwards it is garnished by a creditor of the agent's principal, the institution cannot set off the principal's deposit against his agent's personal notes. (*Jones v. Manufacturers' Nat. Bank*, 99 Pa. 317. The bank was also held liable for interest on the deposit from the time of the attachment.)

Nor can a bank refuse to apply a deposit for a special purpose of which it has notice on the ground that a debt is due from the depositor. (*Bank v. Macalester*, 9 Pa. 475.) Thus, the superintendent of a corporation was given a draft whose proceeds were to be used for its benefit, but, disregarding his duty, he directed the banking firm with whom he deposited it to place the proceeds to his personal credit. Instead of doing so, the firm appropriated them to the payment of an indebtedness of the corporation to its treasurer, who was also a member of the banking firm. This was a misappropriation and the firm was liable therefor. (*Jamison v. Collins*, 83 Pa. 359.)

A bank cannot apply money deposited by one to the credit of himself as deputy treasurer of a county to pay the overdraft of another who had served as treasurer of the same county, if there was nothing in the form of the account to show that the deposit belonged to the county. (*Citizens' Nat. Bank v. Alexander*, 120 Pa. 476.) By depositing it as a deputy treasurer the money is not thus ear-marked. (*Ib.*)

Executors, trustees or guardians in the ordinary discharge of their duty may deposit money temporarily in a bank, but this must be done in the name of the estate, for if the deposits are made in their own name or mixed with their own, they will be liable. (*Law's Estate*, 144 Pa. 499; *Commonwealth v. McAlister*, 28 Pa. 486.) Nor will their liability depend on the good faith, prudence, or judgment with which they have acted (*Ib.*; *Worrell's Appeal*, 23 Pa. 48), nor on the disposition of their own funds in the same manner. (*Ib.*)

They must also be payable on demand. For if they are deposited for a specified time, and bear interest, they are regarded by law as loans which they have no right to make. (*Eshleman v. Bolenius*, 144 Pa. 269; *Baer's Appeal*, 127 Pa. 360; *Law's Estate*, 144 Pa. 499; *Frankenfield's Appeal*, 11 W. N. 373; *Law's Estate*, 144 Pa. 499.) But if even the deposit bears interest and cannot be withdrawn without notice, it is regarded as a deposit, and the transaction is lawful. The distinction between the two transactions though narrow is a real one. It turns on the question whether the deposit is for an investment or not. If the money is deposited merely for safe keeping until a suitable investment can be found or before using it in some other manner, even though drawing interest during the interval, the transaction is not

a loan or investment and is legal. (*Law's Estate*, 144 Pa. 499.) But if it is thus deposited as an investment as was done in some of the cases just mentioned, the transaction is a violation of law. And if the deposit should be made by the advice of the administrator's attorney, who is also a surety on his bond, he cannot on paying the loss compel his co-surety to contribute. (*Eshleman v. Bolenius*, 144 Pa. 269; *Baer's Appeal*, 127 Pa. 360.)

Payment of a deposit should not be made to an administrator of a deceased administrator. The administrator *de bonis non* is the proper person to receive it. (*Stair v. York Nat. Bank*, 55 Pa. 364.) On one occasion an executor who was a sheriff collected money of his decedent, and the next day he deposited about the same amount in a bank, in his account as sheriff, and directed the deposit to be noted as belonging to the estate, which was done. In a suit by the administrator *de bonis non* to recover the deposit, evidence of the declaration and recognition by the executor that the deposit belonged to the estate, was admissible to prove the ownership of the fund.

The executor of a deceased administrator may demand a deposit belonging to the estate administered by the administrator, but an administrator *de bonis non* could not demand it. If, therefore, a bank should pay it to him, the payment would be no defense to an action therefor by the executor. (*Slaymaker v. Farmers' Nat. Bank*, 103 Pa. 616.) Duties of administrator *de bonis non* explained. (*Sibbs v. Philadelphia Sav. Fund Society*, 153 Pa. 345.)

Savings banks have sometimes made regulations for the withdrawal of deposits on the check or other order of the depositor without requiring presentation of the book. Thus a by-law in a bank provided that deposits might be withdrawn on the check of the depositor properly witnessed. The bank was declared liable to a depositor for money paid on a forged check not witnessed, but to a person who had the bank. (*People's Sav. Bank v. Cupps*, 91 Pa. 315; *Walsh's Appeal*, 122 Pa. 189.) But if the regulations thus prescribed are reasonable and are observed by the bank, it will not be liable for a loss sustained by a depositor in consequence of his non-observance of them. Nor will his ignorance of the rules increase the bank's liability. On one occasion the liability of a bank turned on the following by-law printed in the depositor's book: "If any person shall present a deposit-book at the office of this corporation, and allege himself or herself untruly to be the depositor named therein, and shall thereby obtain from the officers of this corporation the amount deposited, or any part thereof, and the actual depositor shall not have given previous notice at the office of his or her book having been lost or taken from him or her, this corporation will not be respon-

sible for the loss so sustained by any depositor, neither will this institution be liable to make good the same. Provided that such payment has been entered in the book of the depositor at the time when made." The rule was declared to be reasonable, and that the bank was not liable for money drawn on presentation of the book by another who temporarily abstracted it from the depositor's trunk without his knowledge. (*Burrill v. Dollar Sav. Bank*, 92 Pa. 134.)

When a bank is insolvent how far can it go in paying deposits; and when can the receiver be compelled to return them? If a director, acting on information obtained in his confidential relation with the bank, withdraws on the day of its suspension the deposit of a partnership of which he is a member, he will be ordered to repay it. (*Swentzel v. Penn Bank*, 148 Pa. 140.)

When a depositor is insolvent a bank which obtains his paper for collection, or as owner, before his failure, can set off the amount against his deposit. (*Penn Bank v. Farmers' Deposit Nat. Bank*, 130 Pa. 209; *Farmers' Deposit Nat. Bank v. Penn Bank*, 123 Pa. 283.) Of course, the principle is the same whether the insolvent depositor is an individual or a bank.

State Bank Conventions.—During the last month the State Associations of Virginia, Ohio, Nebraska and Michigan held conventions, and we regret our lack of space for the excellent papers that were read on these occasions. All of these associations have come into being within a few years, and are serving an excellent purpose. In the first place, bankers are becoming more and more interested in their associations, and prepare many papers which require considerable investigation. They are thus serving an educational end, not only to those who prepare papers, but also to the much larger number who read them. For, it must be remembered, that all who prepare such papers have friends who have a personal interest in what they say, and who doubtless are more or less influenced by them. In the aggregate, therefore, these papers have a very considerable circulation, and generally are on the side of sound and intelligent banking. We mean by the term banking here a broader meaning than is usually ascribed to it, as the papers cover a broad field, relating to the subject of money, taxation and business generally. These associations, therefore, as a whole, may be truly regarded as educational institutions, which are doing a very excellent work—far more important perhaps than those who are connected with them imagine. In the next number of the MAGAZINE we hope to find space to reprint some of the papers that have recently been prepared.

CO-OPERATION IN JOINT STOCK COMPANIES.

Any idea bearing upon the care of the people's money, or any plan which promises to render trust funds more safe, is likely to be heard with patience by the American people, especially at this time when breaches of trust on the part of corporation officials are being brought to light in unusual number. Upon this willingness to entertain new ideas upon this particular subject I depend for a kindly reception of the following proposition, which may be neither new nor altogether untried, but which has in prospect the increased security of bankers' funds as well as the economic betterment of employees.

Business men have frequently observed the industry and fidelity of employes who have had some pecuniary gain depending upon the profits of their employers' business, and the benefits of profit sharing, even though those benefits were supposed to be limited to the employes, have found many advocates. The same impulse which makes an employe work more effectually at "piece work" than at day's work causes him to strive to further the interests of the corporation in which he is a stockholder, even though his share of the capital stock be small. If bank directors should encourage their employes to invest their savings in the stock of the banking corporation, one of the advantages resulting to the public would be the safer custody of trust funds, fewer cases of embezzlement, less waste in bank administration, and consequently larger dividends.

Bank directors might go further and make the ownership of shares a basis for promotion in the bank's service, making a scale of positions from the superior ones to the lower positions, and attaching to each, as a qualification for its attainment, a certain necessary holding of the corporation's stock. Perhaps length of service, together with ownership of shares, would form the most just basis of promotion, but it seems that the holding of a certain number of shares might well enter into the candidates' qualification in all cases, and this scheme will be made the subject of the following discussion. In the first place it requires the adoption of no new system of banking machinery. The shares are to be held by some one, the directors do not usually dictate by whom, and why not by the employes? The conservatism of administration in business institutions would be in no wise shocked by the adoption of a new basis of promotion. The change would not affect the interests of the corporation in relation to the public, and would pertain only to the internal economy of the institution.

The increased fidelity of the men has been mentioned, and I

believe this alone, although not the chief advantage, would repay any institution for the trouble of making the departure. In large banks the men are generally bonded by a surety company at considerable expense. But if the men were shareholders bonding might be dispensed with except in case of the most responsible positions. A man with a personal share in the business, and an interest in its profits, could face temptation with at least a fair chance of resisting it; and the money formerly paid to the surety company might go to swell the profits of the bank. This advantage, though not applicable to all institutions, nor to all positions in any institution, will be seen to have some weight when applied to the less responsible positions, where some check or safeguard is necessary, and where a bond is the usual expedient.

A greater gain to the bank would be the ability of the officers to observe which ones among the men were candidates for promotion, as it would be known which employes expected to remain in the bank, and could be counted upon to be faithful and resist the offer of a temporarily higher salary from a rival institution. The judgment and self-denial required to enable the employe to purchase the shares would not only discipline him but would constitute a sort of "natural selection" resulting in a survival of the men fittest to carry on the operations of the business they had chosen and persevered in. Thus, a force of steady, sober, ambitious men would be built up, reducing the work of oversight to a minimum.

Another point of greater weight with the student of sociology would be the increase of frugality, self-respect, and independence on the part of the men. The plan gives a motive for saving money, and a sufficient motive for economy is the prime desideratum with a certain class of working people. Many a clerk would defer marriage until he was able to invest in the stock requisite to qualify him for a coveted position. His stock would serve for an insurance against accident, and provide a sinking fund to furnish income for meeting current expenses or to swell the original amount. The increased self-respect due to the cultivation of a new interest would result in increased efficiency, and the personnel of the force would be raised correspondingly. The property interest is not the highest interest of which man is capable, but it has served to steady and concentrate many a young man's energies, as well as to call out the conservative side of his nature, and keep him from affiliating with that class of socialistic doctrines peculiar to men who have no property and expect to have none.

This improvement of the force would redound to the profit of the bank. Personal interest would then impel the men to build up the business, and their activity outside the office would act, together with their increased courtesy and attention in dealing with

the public at the bank, to extend the business among all that class of the public who are attracted by zeal and courtesy of officials or personal acquaintance with employes. Every banker who understands how much the attitude of his clerks towards customers affects the business will see how the clerk's courtesy might be more spontaneous, and his attention more untiring, if personal interest entered into the relation.

Men educate themselves in the things in which they are interested, and owning shares in the corporation for which they worked would lead the men to educate themselves in banking principles, to learn thoroughly the business in which their money and their future were involved. A force of more experienced bankers would grow up, of men who should know the business from the stockholder's view; and it would be an immense moral aid to the manager in emergencies to know that he had a force of trained and interested bankers at his back. In time of panic, when an indiscreet word from a clerk might precipitate trouble, such a body of men would not be likely to fail in discretion. Many a bank run has been caused by less than a clerk's careless statement.

There would be a certain convenience, also, in having shareholders within the bank to advise with upon such matters as would not warrant a meeting of directors, or which must be decided too quickly to allow of such a meeting. In time of trouble the moral support of a body of interested men, willing to give sincere advice, would be of considerable value to the officers, and at all times would be a matter of convenience.

To the public the most important advantage of the system is the check upon the officers who might otherwise hope to cover up the traces of contemplated crookedness, but who would never risk the scrutiny of a force of men educated under the profit-sharing system. Such flagrant cases of rascality as wrecked the Northwestern Guaranty Loan Company, where a single pertinent inquiry might have exposed the absconding president, could not occur. If the office force of the company in question had been profit sharers, the transactions of its president would have excited suspicion, and led to an investigation before he had compassed the ruin of the corporation, if, indeed, he would have had the temerity to plan or execute such operations under the conditions assumed. Conspiracy to defraud, such as sometimes happens among trust officers, would be well nigh impossible among a considerable force of men trained to frugality and fidelity, especially as the spoils would have to be divided among so many.

The books being continually open to the clerks to examine, understand, and verify, could be scarcely subject to falsification without conspiracy, which we have shown to be unlikely. In checking embezzlement, this quasi-publicity of records and acts,

written and performed in the presence of interested parties, must act with great efficiency. The half-yearly visits of a bank examiner have utterly failed to prevent or expose crookedness, and in casting about for a more trustworthy means of accomplishing this end, the above system is recommended to the consideration of the depositor, the investor, the director, and all interested in sound finance.

It is seldom that so simple a modification of an existing system can carry with it so many advantages as are enumerated above, accruing to all parties interested. Banking has been selected as the business best fitted for the application and illustration of the plan, because bank clerks are above the average grade of clerical labor in fidelity and ability, and because bank officials most need the check of having their transactions subject to inspection by a number of interested parties. But the advantages spoken of are not peculiar to banking, but apply to joint stock companies in general. I am convinced that a bank operated on the plan outlined would be practically impregnable as a savings or note-issuing institution, and must soon distance all competitors in public confidence, popularity, and stability.

W. L. BONNEY.

CAN OUR NATIONAL BANKING SYSTEM BE PERPETUATED?

[CONCLUDED.]

A SUBSTITUTE FOR A BOND DEPOSIT.

The security *referred* to would consist of the contributions, now made by the banks, in the form of a tax on circulation, and originally intended to only cover or provide for the payment of all the direct and indirect expenses of the Government in its connection with the National banking system. This is now paid to, and it is proposed that the balance, over all expenses, should remain in the custody of the United States Treasurer as a "safety or redemption fund" for the immediate payment of all failed bank notes. The amount for the "safety or redemption fund," which would remain out of the balance of this circulation tax, as would then be paid by the banks, would be very large. So that after deducting all the expenses directly or indirectly incurred by the Government in its connection with the National banking system, there would still remain an amount much more than ample to insure the immediate redemption of all failed bank notes.

This is shown by thirty years of ascertained and recorded results in the actual working of our National banking system. Should Congress, however, insist on taxing bank circulation for revenue, it should in all reason be reduced one-half at least. But even if the whole should be exacted, we could better afford to deposit annually 1 per cent. of our circulation in the "safety or redemption fund," until the fund should become so large as not to require it, than continue to issue circulation without profit. The money deposited would, of course, belong to the banks in the proportion contributed. When the fund should amount to, say, \$50,000,000, as it undoubtedly would in less than twenty years, as I

shall hereafter show you, only the actual amount withdrawn each year need be deposited thereafter.

The present act gives the holder of failed bank notes a first lien on the assets of the bank. With that provision left as now, and judging the future by the actual results from 1863 to 1894, even the proposed "safety or redemption fund" would not be needed for the ultimate payment of all failed bank notes.

But to make the security in the hands of the Government undoubted and beyond all possibility of loss, to any failed bank note holder, in addition to the "safety or redemption fund," it is proposed to make the 5 per cent. reserve fund, held by the United States Treasurer, also liable for the redemption of failed bank notes, if the bank's assets and the "safety or redemption fund" should not reach. While in the light of past experience this would be wholly unnecessary, yet it would remove all possibility of doubt and make our National bank note currency the safest and best secured "paper currency" in the world.

The security being cumulative, that is, the whole fund liable for the circulating notes of each and every failing bank, it would be many times greater practically than the present separate bond security, which applies to the one bank only which pledged them.

It would probably be advisable to limit the circulation at the start to 75 per cent. of the capital of the National banks, which in round figures is now \$700,000,000, but the percentage should be increased as the "safety or redemption fund" grows. The total circulation thereon at the start would, therefore, be about \$525,000,000. But the right to issue circulation, up to the full amount of the capital, should be authorized for emergencies, and in very extreme emergencies the surplus fund, now amounting to about \$250,000,000, might properly be treated as capital, and at least 50 per cent. circulation authorized to be issued thereon, thus affording in ample amount the much needed flexibility to our circulating currency.

We should then have available of unissued currency for use in emergencies: *First*, The 25 per cent. of the aggregate capital of the banks, say, \$175,000,000; *Second*, 50 per cent. of the surplus fund, say, about \$125,000,000, making the total possible increase about \$300,000,000. And this reserve circulation would be thoroughly sound and representative in character. It would have actual convertible value back of it, with which to redeem or retire it, when the emergency which called it forth had passed away, and such retirement would be under the control of the Government.

The increased circulation in emergencies like the regular circulation would, of course, be issued from the office of the Comptroller of Currency, who should have reasonable discretionary power to limit, and even withhold, the relief circulation in part or altogether, when the condition of the assets of any bank is known to the Comptroller's department, from the bank's own reports or from those of his examiner, to be in objectionable form and of doubtful quality and value. This would be no more than fair to the sound banks, who would have to help redeem such circulation if the assets of any such bank and the "safety or redemption fund" were found insufficient. This discretionary power would undoubtedly exercise a beneficial influence and prove a valuable stimulus to bank officials generally to keep their assets in good healthy condition. Making the surplus fund available, as a basis for increased circulation in extreme emergencies, would undoubtedly induce many banks to largely increase their surplus funds. That would benefit the business and general public by thus adding strength and safety to such banks.

It would be wise to provide, however, that any bank not wishing to unite in this plan might continue under the bond plan, and not be subject to any of the requirements, or entitled to any of the privileges of the proposed plan.

WHY TAX ON CIRCULATION WAS RETAINED.

When the Internal Revenue taxes were by common consent all to be removed, except those on whiskey and tobacco, the 1 per cent. tax on National bank circulation was retained, not as a tax, but to cover, as was said at the time, the actual expenses incurred by the Government in its connection with the National banks through the Treasury Department and Currency Bureau. It was not contended then, and never has been claimed since, that bank circulation should alone be singled out for taxation for revenue to the Government. Only the actual expenses involved in maintaining the National banking system were originally intended to be covered by the 1 per cent. duty on National bank circulation. When the banks were less in number, and the circulation smaller, the 1 per cent. tax was not much in excess of requirements, but it is now much greater, and with the 75 per cent. circulation would be many times greater than is required. It would seem reasonable, therefore, to hope that the overshadowing importance of perpetuating our National banking system, on the soundest possible basis, would permit the unopposed use of the balance of the 1 per cent. tax for the continuance, the permanent establishment, and the undoubted improvement of the system, if no other equally desirable plan is available, but, as already stated, such use of the 1 per cent. tax is not absolutely necessary for the successful inauguration of the proposed plan, and with manifest advantage to the banks and benefit to the business public generally.

In March, 1884, I addressed a letter on this subject to the chairman of the Currency Committee, suggesting the substitution of the proposed "safety or redemption fund," and the present 5 per cent. reserve fund as security for circulation in lieu of a deposit of bonds.

As the amount of United States bonds, then outstanding, were more than three times the amount then required by the banks for full circulation, the need for a substitute security was far less pressing than now.

In support of the reliability and availability of the substitute security then suggested, carefully collected data of the actual workings of the National banking system for the then whole period of its existence, covering the preceding twenty years, were submitted.

As that data has the same application now to prove the correctness of the facts I have stated, and as the time and labor required to revise and bring the calculations and figures down to the present date is more than I could spare, with your permission, that data will be used instead. These figures and calculations relate entirely to the first twenty years of the system, and are as follows :

TWENTY YEARS UNDER THE BOND PLAN.

"Of the 3,070 National banks organized from 1863 up to and including 1883, only eighty-nine have gone into the hands of receivers. These paid their circulation in full and an average of 70 per cent. on all other liabilities, thirty-one of them paying in full. The total circulation issued to the insolvent banks was \$8,211,000. Had there been no bond deposit the loss on their circulation would have averaged less than \$140,000 annually, whilst the loss inflicted on the banks by the compulsory deposit of \$362,000,000 of bonds amounts to over \$9,000,000 annually."

NO RISK TO SOLVENT BANKS.

"As the risk is very small, if, indeed, there be any risk at all, that any

solvent bank would ever be called on to help pay the notes of any insolvent banks, and as the advantages are large, it has been assumed for the purpose of calculation, that, practically, all the banks would unite. In that case, the yield to the 'safety or redemption fund,' from the 1 per cent. tax over all expenses, would be \$3,300,000 annually, which sum is more than twenty-two times greater than would have been the average yearly loss on the circulation of the failed banks without preference and with no bond deposit, and more than seven times greater than would have been the average yearly loss, if the *entire* circulation of the fifty-eight insolvent banks had been a total loss, and six times greater than the total deposit of United States bonds to secure the circulation of those failed banks."

THE FIVE PER CENT. RESERVE FUND AS SECURITY.

"And back of this stands the 5 per cent. reserve fund, amounting continuously to \$17,000,000 (with circulation at \$350,000,000) as a mutual guarantee by all the banks. This security is more than 140 times greater than the average yearly loss on the circulation of failed banks without a bond deposit, and forty-eight times greater than the average yearly loss if the whole circulation of the fifty-eight insolvent banks had all been lost, and forty-six times greater than the total amount of United States bonds deposited to secure this very circulation.

"If the losses hereafter should about equal those of the past twenty years, the 'safety or redemption fund,' twenty years hence, would amount to about \$63,000,000, besides gain from lost notes."

WOULD SECURE DEPOSITS ALSO.

"After a trial of ten years or more, and with the 'safety or redemption' amounting to probably \$30,000,000, it would be safe and feasible to make the 'safety or redemption fund' liable, also, *for the deficiency on the deposits of failed banks*. This deficiency for twenty years past has averaged about \$400,000 annually. So that, with this liability added, the proposed 'safety or redemption fund,' after covering all the losses on both the circulation and deposits of failed banks, would amount to \$50,000,000, should the future be a repetition of the past. This would certainly add a most important feature to our banking system, and one that would be far-reaching in its benefits to business and the public generally, by imparting a stability and confidence in our banks never before felt."

HOW IT WOULD WORK.

"Let us see how it would work—supposing the change to have been made the beginning of 1878. The total circulation of the six failed banks in 1878 was \$382,565, and deposited bonds \$425,000. By our plan we would have \$3,300,000 cash in the 'safety or redemption fund' and \$17,000,000 cash in the 5 per cent. reserve fund, our security being, therefore, forty-six times the greater. The same comparison for 1879, 1880, 1881 and 1882 show an average of over fifty times greater actual security by the proposed, than by the present plan. And, in the meantime, the 'safety or redemption fund,' besides paying all losses and expenses, would have grown from nothing in 1878 to over \$16,000,000 in 1884, and without in any way disturbing or drawing on the 5 per cent. reserve fund."

TEN YEARS SUBSEQUENT TO 1884 ADDED.

If we now add the ten years from 1884 to 1894 we will have an accurate record of thirty years of the practical workings of the system, and from which we may draw safe conclusions. The actual experience there-

in recorded demonstrates the absolute correctness of the propositions I have affirmed. They conclusively show that the proposed security would have been many times greater than was ever necessary to have secured every holder of a National bank note and solvent bank against loss from failed bank notes at any time during the past thirty years.

I have made up a brief calculation from the Comptroller's reports since 1884, to see what would have resulted, or how the showing would be to-day, had the proposed security been substituted for the bond deposit in 1884.

The aggregate capital of the National banks in 1884 was about \$500,000,000; it is now about \$700,000,000. The average circulation was then figured at 70 per cent. of the capital. Figuring the percentage the same now, on the average capital of the past ten years, the total net yield to the "safety or redemption fund," over and above the expenses of the Currency Bureau, would have been \$43,900,000. The total circulation of the 157 National banks which have failed since 1884 was \$18,452,000. Now, if no bonds had been deposited, and recourse had been had to the assets of the bank only, and without preference, the loss on the circulation would have been only \$7,388,000, or \$738,000 annually, while during this time the average yield to the "safety or redemption fund" would have been about \$4,400,000 annually, or for the ten years, \$44,000,000.

Thus it will be seen that the "safety or redemption fund," after paying all losses on circulation without preference, besides the expenses of the Currency Bureau during the past ten years, would still have a very large balance left over, to wit: \$36,000,000, and without touching the 5 per cent. reserve fund or even "coming within gunshot of it."

MILLIONS OF LEGITIMATE EARNINGS SACRIFICED.

Then why should the banks be asked to sacrifice millions of dollars of legitimate annual earnings by investment in United States bonds, yielding them less than a third the average earnings of their other assets? To justify such requirement, some one ought to be correspondingly benefited. Who are benefited? Not the depositors, for the prosperity of the banks are their safety. Not the public generally, for the same reason. Not the Government, for it no longer needs a market for its bonds. Not the note-holder, for he can be better protected, in a more satisfactory way, and without injury to the banks or to himself.

PROPOSED PLAN WOULD CHECK PANICS.

Had the proposed plan been put in force in 1884 the panic of last year would probably have been averted. All the National banks would have been very much stronger, and equipped with an available right to issue full circulation; it would have added flexibility to our currency, and enabled us to have given that aid and protection to business which we were forced to deny it. As all the banks were largely dependent on their deposits, self-preservation required them to be prepared to meet any demands, which at any time might be made by panicky depositors. With full circulation the banks would have been far less dependent on deposits, and the whole situation essentially different.

OBJECTIONS ANSWERED.

The feature of the proposed plan which has probably met with the most objection is the one making the 5 per cent. reserve fund liable, in the very remote contingency that the "safety or redemption fund" should prove insufficient to protect the circulation of failed banks.

As the advantages so far exceed any possible hazard, our long-headed,

calculating bankers are not likely to lose the opportunity to add to their yearly profits an average of at least \$4,000 to each \$100,000 of their capital, and especially so as thirty years of recorded results cannot be made to show even a remote chance of loss to the solvent banks.

In this connection it has been said that banks might be organized with the intent to get circulation and then embezzle it. Under the rules governing the organization of new banks, trouble from that source seems unlikely. As bearing on that point, I refer to page 7, Comptroller Eckels' report, which says:

"The Comptroller, before approving an application for authority to organize a bank, satisfies himself in *detail* as to the *business experience* and *financial responsibility* of each of the applicants, by information obtained through inquiries from sources believed to be reliable."

The Comptroller's scrutiny of the character of applicants might be supplemented by requiring sworn statements as to the financial resources of each applicant, an untruthful statement to be deemed perjury. Only such applicants as show undoubted financial responsibility for double the amount of stock subscribed to be eligible, and such responsibility to continue for five years or longer, whether their stock should be transferred or not. Or to cover the same purpose, any transfers of stock could be made subject to the approval of the Comptroller for a certain period.

But the same objection could be raised now as to deposits. It would be equally possible to organize a bank with intent to embezzle the deposits. Nearly 5,000 National banks have been organized during the past thirty years, and they have had an average deposit very much larger than their circulation. As less than 5 per cent. of the entire number have failed, the risk of loss from fraudulent organization would seem too remote for material consideration as an objection to the proposed plan.

In regard to the personal character of National bank officials generally, Comptroller Eckels, in his last year's report, on page 6, says:

"No stronger evidence can be had of the honesty, conservatism and ability of those active in the management of the banks than the comparatively few failures which occurred during the late panic, and no greater tribute can be paid to the principles upon which the system as a whole is based and administered."

Banks are accustomed to take risks. It is their business to advance money to customers on short or long obligations. They always feel that a percentage of risk and loss is involved, but years of experience have shown, that with reasonable prudence and care by officers and directors, that percentage is too small to change the usual current of banking business.

"Strong banks" will object, it is said, to stand equally with "weak banks." But all the "stronger banks" send their collections to the "weaker ones" on time settlements, involving more or less of mutual confidence and risk. And for that matter, nothing is absolutely secure. A deposit of bonds must be placed in the custody of some one; what security shall he or they give? If he or they prove unfaithful, and the bondsmen fail, what becomes of the security which a deposit of bonds is supposed to afford? But confidence must find a resting place somewhere.

The relative strength or weakness of banks is, besides, in many cases more a matter of opinion than reality. The banks with the largest capital and deposits are correspondingly subjected to greater risks, and the smaller banks may be safer and less likely to ever need assistance in providing for the redemption of their circulation than the larger ones.

Under the proposed plan, for its inauguration as well as for its maintenance, all banks are put on the same equitable and proportionate basis, the same as under the law at present. All banks must reserve one-tenth of their profits until such reserve shall equal one-fifth of the entire capital of the bank. All must alike pay the 1 per cent. tax, but only on the amount of circulation each has actually outstanding, and each is only required to maintain its proportionate amount of the 5 per cent. reserve fund, the smaller banks contributing exactly the same proportion as the larger ones.

As any bank preferring to continue under the bond plan could do so, it would not require the unanimous consent of the banks to inaugurate the proposed plan.

Objection has also been made to "lending the credit" of the United States to our circulating notes. This refers to Section 5,182 Revised Statutes, which makes our notes receivable for taxes, etc. If that provision were repealed to-day, it would not in my judgment perceptibly affect the circulation of our notes. It is Section 5,196, which secures their circulation at par in all the States. That section requires every National bank to receive the circulating notes of the other National banks at par in payment of all obligations. Section 5,182 could, therefore, be repealed, and thus remove that objection.

ADVANTAGES SUMMARIZED.

The advantages of this plan may be summarized thus :

1. It would open the way for restoring to its original purpose, and perpetuating, for all time, the best system of banking ever devised by man.

2. It would assure the general and business public that the currency of the future will be National in character, as well as in name, and that it will possess all the essential qualities of a stable currency, being the representative of actual convertible values. Its volume would adjust itself to the needs and increase of population and business.

3. It would add the much needed flexibility to the volume of the currency, a matter of most vital import, at times, to avert commercial and financial panics.

4. It would relieve the banks from the burden of being required by law to invest their capital, or part of it, in high-priced, low interest bonds, to their present admitted injury, and possible future peril, while such requirement benefits no one.

5. It would separate the system from the dangers and perils to which the nation and its credit is at any time liable to be exposed in the event of serious domestic or foreign war, while the bond plan links the fate of both inseparably.

6. It would relieve the banks from a false charge, which has done much to make the system unpopular, viz. : "that the banks buy circulation with United States bonds, and then improperly draw interest thereon, after they have transferred the bonds to the Government."

7. It would restore to the banks the legitimate business profits on their circulation, which they enjoyed for many years after the system was first inaugurated, and which the National Currency Act intended they should continuously enjoy, but which the unexpected and marvelously rapid cancellation of the United States bonds, and resulting scarcity and high prices, has taken from them.—*Address by William H. Ainey, president of the Second National Bank, of Allentown, at the Convention of Associated Banks of Eastern Pennsylvania.*

WORLD'S GOLD PRODUCTION.

The total production of gold in the world in 1893, according to the most recent statistics of the Director of the Mint, was 234,006 kilogrammes, valued at \$155,522,000, which is the largest recorded for any year in history. The previous maximum was \$155,000,000 (according to Sir Hector Hay), reached in 1853, when the newly discovered and easily worked placer mines of California and Australia were making their largest output. The production then declined gradually until a minimum of \$95,400,000 (United States mint report) was recorded in 1883; from 1885 to 1889 it fluctuated between \$105,775,000 and \$110,197,000, and then began to rise rapidly. The yield of the principal countries and the total of the world in the four years since 1889 are given in the following table :

Country.	1890.	1891.	1892.	1893.
United States.....	\$32,845,000	\$33,175,000	\$33,000,000	\$35,955,000
Australasia.....	29,808,000	31,399,000	34,159,000	35,668,600
Russia.....	23,458,000	24,102,500	24,806,200	a 24,806,200
Africa.....	11,144,061	15,742,400	24,232,000	29,305,800
China.....	4,245,810	6,652,000	8,426,000	a 8,426,000
British India.....	2,000,000	2,495,000	3,318,300	3,813,600
Colombia.....	3,697,000	3,472,000	a 3,472,000	2,892,800
British Guiana.....	1,025,000	1,800,000	2,398,000	2,567,000
Mexico.....	767,000	1,000,000	1,129,000	1,305,300
Others.....	9,859,129	10,773,500	11,356,900	10,461,400
Total.....	\$118,849,000	\$130,650,000	\$146,297,600	\$155,521,700

a Estimated as same as in previous year.

Of the nine countries named in the above table, which in 1892 produced 92 per cent. of the total yield of gold, and in 1893 more than 93 per cent., all but one show a steady increase. The purpose of the present paper is to recount the causes which have led to this, and the prospects of its maintenance in the future.

UNITED STATES.

With the exhaustion of the "great bonanza" of the Comstock, and the restriction of hydraulic mining in California by legislation, the production of gold in the United States had declined to \$30,000,000 in 1883, and during the six years previous to 1893 fluctuated between \$32,800,000 and \$33,175,000. This regularity was due to the facts that but little of the output was derived from irregular alluvial deposits, and by far the greater part came from well-developed groups of lode mines in California, Colorado, South Dakota and Montana, which have given a comparatively steady yield. During this time there were no new discoveries that added largely to the output, though the mines of Cripple Creek, Colorado, were opened in 1891 and were productive in 1892. But, in 1893, these mines made an increase of \$1,433,000, which alone accounts for about one-half of the increase in the United States product over that of the previous year. The remainder is to be attributed to the greater attention directed to gold-mining in all parts of the country (especially in Colorado and Montana), induced by the decline in the value of silver. Silver mines, which can be worked successfully no longer, have been closed down, and gold mines which had been neglected previously on account of the greater profit to be derived from silver-mining, have now been reopened and exploited with character-

istic Western energy. Thus, Leadville, Colorado, which formerly had been the largest producer of silver and lead in the United States, with but two small gold mines, became advertised as a promising gold-mining district, and in one year its output of gold has increased from \$262,000 to \$897,450.

Hydraulic mining was resumed in California in 1893 under the provisions of an Act of Congress permitting it with certain limitations; but contrary to the expectations of the miners of that State, who struggled long and hard for the repeal of the restrictive law, there was not an important increase in its output of gold. This, however, was due doubtless to the fact that the commission to regulate this class of mining was not appointed until May, and although twenty or thirty operators took out licenses, they were not prepared to begin work immediately upon an extensive scale; indeed, their output is hardly likely to be felt before the end of this year, or perhaps 1895. It must be borne in mind, moreover, that there can never be a great increase in output from this source. At the time placer-mining in California was suspended, the yield of the alluvial diggings was only about \$6,000,000 per annum, and this amount may be taken as the maximum to be won if work were resumed in all of the idle mines; this, however, is improbable, since, in order to reopen them under the new law, it is necessary to construct impounding dams for the debris, etc., involving large expenditures of money, as a consequence of which many that were operated ten years ago may not now be profitable.

The mines of Cripple Creek now give every promise of maintenance of their production, and the causes which led to the increase in 1893 on the part of the other mines of this country are still operative. The improvements in the chlorination and cyanide processes of gold extraction and the methods of smelting pyritic ores that are continually being made, will add to the output of gold, by making available many ores which cannot be treated economically at present, but still more important will be the reduction in the cost of mining and milling that will result in a readjustment of the wages of labor in the Rocky Mountains, which surely cannot be delayed much longer. These are now disproportionately high in comparison with the cost of living and the supply of labor, and although changes have been resisted successfully hitherto by the strength of the miners' unions and the lawlessness of their members the latter will have to recognize soon that the action of economic laws cannot be balked forever in such manner. The prospect is strong, therefore, for a steady increase in the production of gold in the United States.

AUSTRALASIA.

The record of gold mining in Australasia has been somewhat similar to that of the United States. The first discoveries were made in Victoria and New South Wales in 1851; in 1853, the total production attained a maximum of \$62,000,000 and then declined steadily to a minimum of \$25,837,000 in 1886, since which time it has been increasing, at first slowly, but for the last two years rapidly.

The chief gold-producing colonies of Australasia are Victoria, Queensland, New Zealand and New South Wales, which together produced in 1893 about 90 per cent. of the total; indeed, nearly 70 per cent. came from two colonies, Victoria and Queensland. Of the seven colonies, all but New Zealand and Tasmania made increased outputs in 1893, and the falling off in Tasmania was insignificant. The largest increase was in Victoria, where there has been during the last two years a veritable revival of gold mining in the famous old districts, Ballarat

and Bendigo. The yield of gold in Victoria in 1891, when it amounted to £2,305,596, was the smallest of any year since 1851; in 1892 it rose to £2,617,824 and in 1893 to £2,684,504. In Queensland the output of the mines of the Charter Towers district is increasing so rapidly that it more than offsets the falling off of Rochkampton (where the wonderful Mount Morgan mine is the principal producer), and in 1893, the total production of the colony was the largest in its history, with the exception of the phenomenal year, 1889. The production of New Zealand, which attained a high point in 1891, is now declining and from present indications will continue to do so.

Perhaps the most important of recent developments in Australia has been the opening of new gold fields in Western Australia, where some remarkable discoveries were reported in 1893. These were much exaggerated, no doubt, but that valuable new finds had actually been made was proved by the official statistics of the colony for the year, which showed an increase in the output of gold from 59,548 ounces to 110,890. During the first half of 1894, the yield has amounted to 82,764 ounces, and it is expected by competent judges that the total for the year will be about 200,000 ounces, which will make this colony rank in importance with New South Wales and New Zealand.

The development of Western Australia has been long retarded on account of its remoteness, its lack of water, and general inhospitable character. The extent of territory to be explored is immense, and but little of it has yet been examined for the precious metals, but all the evidence that there is tends to show that it will be a large gold-producing region.

The production of gold in the older districts of Australia is likely to increase through cheapening of the cost of production, especially by introduction of improved metallurgical methods. Thus the cyanide process, which has been of very great importance in the Transvaal, and is now after many failures being used successfully in the United States, has not yet been applied in any but a small way in Australia; nor has the practice in chlorination attained there the same degree of excellence as in the Black Hills of South Dakota, and elsewhere in America. There are large deposits of pyritous and refractory ores in Victoria, Queensland and New South Wales which have never been attacked. Now, however, there is a general movement in this direction, and there can be no doubt that it will do much to swell the output of gold in Australia.

RUSSIA.

The information that leaks out concerning gold mining in the Russian Empire is very scanty; for this reason and also the peculiar conditions under which the industry is carried on there, it is difficult and unsafe to draw conclusions from the published statistics, although the latter are compiled in an admirable manner. It should be noted, moreover, that none of this gold is exported, and consequently it forms no part of the present supply of the outside world. Indeed, Russia is now a large absorber of gold from other countries, the net imports having been \$55,301,098 in 1891, and \$89,301,098 in 1892, which, together with the domestic production, is hoarded in the imperial Treasury, for some purpose not publicly known. It has been surmised that this accumulation is for a war fund, or to improve the National credit, or to adopt the gold standard; but whatever the truth may be, it must sooner or later find monetary employment, and therefore its withdrawal from circulation should be considered only temporary.

The Russian gold is still obtained almost entirely from alluvial de-

posits, the lode mines having furnished less than seven and one-half per cent. of the total in 1890, the year that their output was largest, and only six per cent. in 1891. Concerning the conditions which affect the production of gold in Russia, Mr. A. de Keppen, a recognized authority, wrote in *Annales des Mines*, 2e Livraison de 1895, pp. 203 et seq., as follows:

"It is certain that legislation and the frequent changes in it, especially changes in taxation, exercise a marked influence on the production of gold in Russia. The weather is also of great importance. A hot, dry summer is bad in consequence of insufficiency in the water supply; while seasons in which too much rain falls, causing great floods, may check operations by destroying the dikes and other works. Often it happens that at the beginning of summer operations are retarded by lack of water, while at the end there may be too much of it. Hot summers, however, are advantageous, since then the frozen gravels thaw quickly and deep.

"Not less important is the price of bread, which regulates the wages of the miners. This fluctuates between wide limits and there have been years when in some districts wages have risen from 900 to 1,400 rubles per man for the season's work, the season lasting perhaps only four or five months.

"But the most important factor of all is the value of the paper ruble. The cost of production is counted in this form of money, while receipts from the Government, to which, by law, the product must be delivered, are in gold. Hence, the greater the fall in value of the paper ruble the more the profit in gold mining."

The production of gold in Russia first began to be important in 1822, when rich placers were discovered in the Urals. It rose rapidly in 1830 as a result of the opening of the first placers in Siberia during the previous year, and by 1847 amounted to \$19,130,057. During the next thirty-three years there were irregular rises and falls, with in general an upward tendency, until a maximum of \$28,759,860 was attained in 1880. The production then followed a course of astonishing fluctuations, which can only be explained by such reasons as those previously mentioned. In 1887, the amount turned out was \$20,092,000, and since that time there has been a regular increase, though small, which may be due chiefly to the steady decline in the value of the paper ruble.

The gold washings of Siberia have been gradually transferred from West to East, and now some of the most important are at the extreme end of the empire. Obviously the opening of new deposits in this direction cannot be long continued, and it has been inferred from this that the production of gold in Siberia is now at or near its zenith. This view does not seem to be sufficiently supported by the evidence, but it is noteworthy that the production of Eastern Siberia has been fluctuating erratically for the past ten years, while in Western Siberia and the Urals there has been a steady increase. Judging from the past history of gold mining in other countries, particularly America and Australasia, a decrease in the gold production of Russia is to be looked for in the future, when the placers begin to be exhausted, followed by an increase as the lode mines are opened extensively. On account of the progress in methods of mining, and the metallurgical treatment of gold ores, however, the decrease in Russia will, in all probability, be less than in the other parts of the world where the lode mines were exploited earlier and engineers and metallurgists were obliged to develop their systems of operation as they went along. It is not unlikely, indeed, that some series of rich gold veins in Siberia may be opened so rapidly that their output will completely offset the falling off sure to result from the ex-

haustion of the alluvial deposits. That the gold-bearing veins of the Urals and Siberia are exceedingly rich there can be no doubt, in view of the vast amount of gold obtained from the gravels derived from them. The United States from 1834 to 1892, both years inclusive, produced \$1,955,692,949 in gold from placers and lodes. Australasia from 1851 to 1892 made an output of \$1,724,122,152 from placers and lodes; Russia since 1814 has produced 1,675,000 kilogrammes of crude gold, which, if estimated at a fineness of 860 (the average of recent years), would be equivalent to \$950,926,300, and this has come with the exception of an insignificant percentage from alluvial deposits. There are no statistics to show what proportion of the Australasian and American gold has been alluvial, but it is doubtful if in either case it much exceeds the output of the Russian placers.

In considering the future of gold production in Russia, the effect of the Trans-Siberian Railway has to be taken into account. The line for this, which has been already surveyed from Chelabinsk in the Eastern Ural to Vladivostok on the Pacific, a distance of 4,700 miles, passes through or near many of the gold mining regions of Siberia, and doubtless all of the important districts will be reached eventually by branches. Indeed, the Government has already begun a systematic geological survey of the country opened by the railway in view of the development of its mineral resources, which is sure to result. The entire line will not be completed until 1904, but it is expected that the Western section, extending from Chelabinsk to Pochitanka, 1,080 miles, and the Eastern from Vladivostok to Grafsskaia, 200 miles, will be ready for traffic in 1904.

AFRICA.

Nearly the entire output of gold from this continent comes from the South African Republic, and most of that from one district—the Witwatersrandt—of which Johannesburg is the center. The discovery and development of these wonderful mines are matters of recent history. First located in 1875, active operations were begun in 1882, since which time the output has increased at a phenomenal rate, amounting in 1893 to 1,478,473 ounces of bullion, the value of which may be taken as \$17,5194 per ounce. At the same time the yield of the mines in the De Kaap and Lydenburg districts has also been increasing, though much less rapidly. Besides the produce of the South African Republic, the only gold credited to Africa is that exported from the West coast, chiefly Guinea and the Gold Coast, which amounted to \$1,011,924 in 1882 and appears to be increasing.

The auriferous deposits of the Witwatersrandt are unique in their geological characteristics, occurring in a sedimentary formation, consisting of sandstone with which conglomerate is interstratified, certain strata of the latter being auriferous. The most important of these conglomerate beds is about 200 feet thick. In this occur strata called the "south reef," in thickness from six inches to three feet, very rich in spots; the "middle reef," rich in spots, but in some places wanting; the "main reef leader," also rich, from six inches to two feet in thickness; the "main reef," from four feet to twenty feet in thickness, which is the principal source of the Witwatersrandt yield; and the "north reef," which is small, but has shown good results in some places. These strata or beds, "reefs" they are improperly called, dip south at an angle of about 35 degrees and are continuous for a great distance. The main reef has been traced on the surface along its strike for nearly twelve miles. It is well to bear these facts in mind in considering the prospects for the future in this very extraordinary mining district.

The fact that the Witwatersrandt gold existed in a sedimentary bed, and not in fissure veins (using that term in its widest meaning), as in other parts of the world, was from the first thought to bode fair for permanence, and when the mines had already become very productive, steps were taken to prove this by borings with the diamond drill. In October, 1892, a bore hole was commenced at a point 4,000 feet south of the outcrop of the main reef, and in July, 1893, the latter was intersected at a depth of 2,400 feet, the core giving satisfactory assays in gold. An important fact shown by this exploration was that the formation at this depth dips at an angle of only 16 degrees, confirming the evidence of other bore holes, nearer the outcrop of the reef, that the beds flatten towards the south, which, of course, adds enormously to the extent of stopping ground. As illustrative of the depth to which it is possible to open these deposits economically, it may be mentioned that there was in Michigan on March 1, 1894, a shaft 3,824 feet deep, designed to go more than 4,000 feet to extract copper ore worth about \$5 per ton, while in Belgium coal is raised from a depth of 3,000 feet.

Several years ago so eminent an engineer as Hamilton Smith estimated a paying length of 50,000 feet for the main reef, an average thickness of five feet and an extent of 5,200 feet on the dip, which would give 100,000,000 tons of ore; of this but 3,000,000 tons had then been raised; the 97,000,000 tons remaining, with an average tenor of 12½ pennyweights per ton, would yield 60,000,000 ounces, worth £250,000,000. Such a calculation, he adds, "would be an absurdity in any other mining region, but the uniformity of the auriferous conglomerate strata of the Randt district warrants such an estimate, which is too low rather than high." Even under these circumstances most engineers would hesitate before committing themselves in such a statement, but we may safely assert that the recent developments in the Witwatersrandt assures its production at an increasing ratio for a very long time indeed.

Having this extensive deposit easily attackable, the Randt mining companies have increased their production rapidly by opening out from the shafts as fast as possible, increasing the number of stamps in the amalgamating mills, and reducing costs in every direction, which, of course, was helped by the construction of the railway to Johannesburg. Then the introduction of the cyanide process of gold extraction, which here attained a degree of success not reached in any other part of the world, made available the large amount of gold in the tailings from the mills otherwise impossible to recover successfully. There does not seem to be any reason now why the yield of these mines should not continue to increase, which the monthly statistics show that it is certain to do this year. The rate of increase, however, may not be so high as hitherto, as it is no longer possible to reduce the cost of production in the same degree.

The gold resources of other parts of the vast continent of Africa are practically unknown, but the explorations in Mashonaland and Matabeleland show that it exists there, and recent discoveries have been reported in the German possessions. There can be no doubt that many new gold fields will be found in these extensive regions as they are gradually explored, which will constitute part of our reserves for the future.

CHINA.

The exact position of China as a producer of gold is not well understood, there being no official statistics of its mining industry. It exports annually a large amount of coin and bullion, but although there is abundant evidence that gold mining (chiefly placer work), is carried

on within its borders, it is doubtful if this alone would account for all the treasure coming forward. It is surmised, therefore, that a part of this is smuggled across the frontier from the washings of the Russian sides of the Amoor River, and that part is imported clandestinely by Chinese emigrants returning from California and Australasia. However this may be, it is agreed that this smuggled and clandestinely imported gold has escaped record at the place of production and when re-exported from China may be counted safely as an addition to the world's supply.

In the last mint report, the production of gold in China, or at least so much of it as has become available for the purposes of Western civilization, in the years 1890-92, both inclusive, is estimated at \$4,245,810, \$6,652,053 and \$8,426,038 respectively. These figures were calculated from data furnished by Augustus Sauerbeck, by adding together the gold bullion imported into the United Kingdom from China and the gold imported into India from China. The accuracy of this method is doubtful. It is improbable that any foreign coin is melted down in China, and the bullion exported, represents most likely native production or smuggled dust and bars which have not been counted otherwise; but it is probable that the imports of gold into India include coin, especially sovereigns which circulate freely there, and on this account it seems venturesome to estimate the production of China in the manner indicated. The recorded figures of the importations of gold into the United Kingdom and India from China, moreover, do not agree with the stated exports of treasure from the last country. The statistics showing this were first compiled by the Imperial Maritime Customs in 1888, since which time the net exports of gold, calculating the equivalence of Haikwan taels in dollars at the average annual rate of exchange have been as follows:

<i>Year.</i>	<i>Haikwan Taels.</i>	<i>Exchange.</i>	<i>Dollars.</i>
1888	1,678,000	\$1 14	1,932,000
1889	1,625,000	1 15	1,868,750
1890	1,783,000	1 26	2,246,580
1891	3,693,000	1 20	4,431,600
1892	7,332,000	1 06	7,771,920

In 1893, the exports of gold from Shanghai, through which port all but an insignificant part of the gold shipped from China passes, amounted, according to G. J. Morrison, Esq., of the Bank of Shanghai, to 450,000 fine ounces, equivalent to \$9,321,500, of which 60 per cent. was in the form of dust. As the imports of gold into China are very small (346,000 Haikwan taels, or \$366,760 in 1892), it is certain that the total net exports from the Empire in 1893 were more than \$9,000,000.

It is well known that not all of the gold exported from China is recorded, and the secret shipments recently have been larger than usual. Thus Mr. C. T. Gardner, British Consul at Hankow, wrote under date March 21, 1893, in report No. 1,231, to the foreign office: "A large quantity of gold which does not appear in the customs returns is now being exported from China. The depreciation in the value of silver tempts the natives to sell their hoards, but instead of sending it through the regular channel of the customs and by steamers, they, through fear of robbery, prefer to carry it in small parcels hidden in their baggage, or give it in charge to a native employe of the vessel, who gets a commission for his trouble." This, however, will hardly explain the great discrepancy between the figures of Mr. Sauerbeck and the Chinese customs, and in the absence of definite statistics of production, it would seem preferable to use the latter. The net exports of gold from China, at all events, represent the amount that it is now adding to the world's stock; more than that there does not seem to be hope of knowing accurately.

The recent increase in the net exports of gold from China is easily explained. The great falling off in the value of silver, which is the standard of currency in the East, has made the purchasing power of gold so much more that the natives, especially the wealthy families, have been induced to realize on their jewelry and other ornaments that may have been hoarded for many generations. There is cumulative evidence that this is the case, and not that there has been any expansion of gold mining. Beyond doubt, the vast Empire is rich in gold in many parts, but in view of the resistance that has been offered to the introduction of foreign innovations, it is almost idle to include these fields among the world's reserves unless the northern part of Mantchuria may some time fall into the hands of Russia. Some of the important gold fields of Eastern Siberia are situated but a short distance from the Chinese frontier.

BRITISH INDIA.

Practically all the gold produced by the Indian Empire comes from a group of mines in the Colar field of Mysore, which are operated by strong English companies. They first began to attract attention in 1880, but until 1885 their output was insignificant; in the latter year it became important, and subsequently increased rapidly. These mines have now been opened to depths of 1,200 feet and more, and the showings in the bottoms are still good. Their operation is attended with some difficulty on account of the unhealthful climate, but the cost of production has, of course, been lessened by the decline in the value of silver, in which wages are paid. These mines may be expected to make a steadily increasing output.—*New York Evening Post*.

BANKING IN CHINA.

China contains between four and five hundred millions of people. With its tributary provinces it is said to have the enormous population of 537,000,000. Since the beginning of our Government we have coined, all told, about 461,000,000 silver dollars, not including the dimes, halves and quarters, and if the whole could be gathered together and carried to China there would not be enough to give a dollar to each of its inhabitants.

China is generally supposed to be very poor. I believe, on the contrary, that it is a rich country, and it must require a vast amount to do its business. It is true there are many millions of poor, but there are also millions of well-to-do and millions of comparatively rich. There are few countries where jewelry is more commonly worn, and where the clothes of the better classes are more costly. I have seen since I came here thousands of ordinary citizens dressed in long gowns of brocaded silk lined with furs, and nearly every other woman you see outside of the laboring women wears a silk coat and silk pantaloons, while her little pinched toes are covered with silk, silver or gold embroidered shoes.

She has silver or gold ornaments in her hair, and her silk headdress is often decorated with rows of pearls. Both sexes wear gold rings, and a well-to-do Chinaman expects to fit out his daughters with gold ornaments on the occasion of their marriage.

The Chinese are a great business people. Their cities are beehives of work, and they require a great deal of money to do their trading. The city of Canton absorbs about 3,000,000 of silver dollars a year. It takes millions to do the business of Shanghai and Tientsin, and there are

scattered over this land thousands of native banks who do a regular banking business, and some of which issue notes.

There are 400 native banks in Peking, 300 in Tientsin, and hundreds in Shanghai. Foo Chow, Ningpo, Hankow and Canton.

The Taotai, or Chinese mayor of Shanghai, has lost, it is said, \$600,000 within the last three months in buying silver, and he has, in fact, speculated himself out of office, and his place will shortly be filled with a new appointee. In all of the treaty ports, the foreign as well as the native, business is really done by the Chinese. All of the foreign firms have Chinese cashiers, and these men make all of the calculations and handle all the money.

When you go into a bank the English clerk will call a Chinaman to figure out your exchange for him, and it will be the Chinaman who will pay you your money.

It is wonderful how fast these men can figure in this way. They push the balls this way and that with their aristocratic, long finger-nailed yellow hands, and in less time than you could put down the figures they give you the result. They are always sure of themselves, and if they make a mistake the firm by whom they are employed expects them to make it good. They are under heavy bonds, often running up into the hundreds of thousands of dollars, and there are few defaulting Chinese cashiers.

Chinese bank notes are more like promissory notes than our bank notes. There is not and never has been a National bank, and notes are not used as currency to any extent. The banker merely writes the amount on the note and puts his private seal or chop over it. Such notes are made out for all sums from five to twenty thousand taels, and the Chinese banker never goes back on his signature.

He pays the notes when they are presented in silver or gold. The silver is usually paid according to weight, in lumps the shape of a toy bath tub, ranging in value all the way from \$1 up to \$50. The usual size is worth about \$50, and it weighs about five pounds. The gold is made in long, thin cakes, and is 20 carats fine.

The banker stamps with his private seal every piece of silver he pays out, and even the Mexican dollars are marked thus with India ink. Every big bank or company has a man who takes all of the silver dollars that come in and fits them into holes made in a board, so that when they lie in them their surface is just level with the board.

He then takes a brush and water and washes them as white and clean as though they had just come from the mint. He now stamps his chop on each of them, and this means that he guarantees their payment.

There are no shrewder counterfeiters in the world than the Chinese, and they are especially adept in the plugging of coin.

The other day an American got a silver dollar in trade at Hankow, and attempted to pass it at the bank there. He was told it was not good, and upon his questioning the matter the Chinese cashier sent for a candle and lit it. He then held the coin over it, and lo! in a moment it began to melt. The sides fell off, and in the center there was a piece of copper.

Silver dollars will not pass in interior China, and outside of ports silver is taken entirely by weight. The only coin current in the empire is the copper cash, of which it takes 1,000 to make a dollar in silver. A thousand cash will weigh about nine pounds, and ten of our dollars changed into cash would weigh nearly 100 pounds, and would form a fair wheelbarrow load of money.

I see lots of money carried on wheelbarrows through these Chinese cities, and a common sight is a coolie going out to market with strings

of these copper coins slung over his shoulder. The cash are about the size and shape of our old red cents, save that they have square holes of about the size of the tip of your little finger running through them. They are strung in strings of 1,000 on ropes of twisted straw, and at the end of every hundred a knot is tied in the string to mark the count. These cash are made at all the provincial capitals, and the viceroys are expected to turn them out. They cost at the present time more than their face value to make, and copper of this kind is, in fact, here dearer than gold.

I saw such coins being made some years ago at the big mint at Canton, and I watched a new machine turning them out at the rate of seventy a minute at the Kiagnan arsenal the other day. The copper went into the machine in the shape of a hoop, of about the width of the iron hoops which we use on cider barrels, and stamps which worked through holes in a plate cut the metal into round disks, stamped the characters upon them, and cut out the central hole in each coin, all at a single stroke of the machine. It was worked by steam, but even at this rate of seventy per minute it turned out only about \$4 worth of coins an hour.

At the present rates of exchange I could buy 2,000 of these coins for one of our dollars, and it would take twenty to equal the value of a little American red cent, and you could buy a pound of them for a nickel.

I sent my Chinese servant for \$10 worth of these cash to-day, and he came back loaded. His hands were full and his shoulders were covered with strings of cash. The picture was so curious that I had my photographer snap his camera on him as I helped him unload.

The banking system of China is the oldest known to man. According to Chinese records, there were banks of discount and deposit here as far back as 2,600 B. C., and the interest laws of China were made long before Columbus discovered America.

The legal rate of interest in many of the provinces of China is 30 per cent. and in others it is 36 per cent. Still, millions are lent, I am told, in the shape of call loans in the seaport towns at 5 and 6 per cent., and all sorts of money transactions are entered into. China had a system of building and loan associations long before we began to exist as a nation, and all over the empire there are associations for the loaning of money.

There are big banks that push Chinese patent medicines, and little ones who loan out sums which we Americans would hardly think worth while borrowing. There are trades unions of all sorts, and even the beggars club together and are bound by the rules of their union.

Farmers combine together to buy cattle, peddlers buy and sell the custom of particular streets to their fellows, and a man who wants to get married and has, perhaps, not enough money to buy a wife, will go into one of these loan associations to get it.

I tried to buy some pictures at Kiukiang, but found the dealer's store shut, and was told that he was closed until he could get enough money from his friends to pay his last year's debts. All firms here have to settle up at the close of the year, and it is the greatest disgrace to go into bankruptcy. Bankrupts often commit suicide, and the son feels bound to pay his father's debts.

It is the same with other relatives. The debts of any member of the family are a disgrace to the whole family, and rich men having failed will go to work at the most menial occupations in order to pay up. Big failures are always punished by law. If the amount is from \$1,500 to \$5,000 the bankrupt is banished, and if it runs above that amount his head is taken off. There is not much discussion about the matter, and

the law is that the bankrupt who becomes such from unavoidable circumstances is decapitated just the same as the fraudulent one.

There are no lawyers and no juries, and the judges or officials of the town pass the sentences. Sometimes the bankrupts carry heavy chains for weeks through the streets. At others they are put in the cangue, and not infrequently they lose their heads.

I met at Canton one of the richest men in China. His name was Houqua, and he is said to be worth \$50,000,000. He has big investments in American and other foreign securities, and he supports about 400 of his poor relatives.

This man's father was the Jay Gould of Canton. At the time that the British gunboats came before the city they demanded an indemnity of \$6,000,000. They threatened to bombard the city if this amount was not paid in forty-eight hours.

A subscription paper was passed around among the Canton capitalists, and Houqua put down his name for \$1,100,000 and paid it over to the collectors. In the donation he said he "gave \$200,000 of it in token of his affection for his beloved wife, \$800,000 as a thank offering for the prosperity which had attended him in business, and \$100,000 in recognition of the fidelity of his son."—*Frank G. Carpenter, in the Boston Sunday Globe.*

FREE BANKING IN CANADA.

I.

In the session of 1850 of the Legislative Assembly of Canada, the Honorable William Hamilton Merritt introduced a bill "to establish freedom of banking in this Province, and for other purposes relative to banks and banking."

The group of large chartered banks which had hitherto carried on the banking business of the Province seemed to the general public to be insufficiently equipped with capital. Whether just or not, complaints of a lack of banking facilities were frequent, and there was a widespread demand, as often happens in comparatively undeveloped countries, for an increase of bank capital, for the extension of banking facilities, and particularly for the incorporation of small banks in the lesser towns where local opportunities for accommodation were much desired.

Important safeguards in the then existing banking system were the large capital stock of the banks, the small number doing business, the broad fields from which they drew their business, and the prudent and cautious manner in which that business was as a whole conducted. It was thought that in maintaining the system it would be very difficult for the Legislature to refuse to incorporate small banks for the small towns. But to allow such institutions the important privileges of the chartered banks, especially that of circulating notes which would be only a general charge against assets, seemed too great a risk. If small banks were to be established, it was necessary to devise some other plan for issuing a sound currency. There was no bank of such predominant position that to it alone, as to the Bank of England, the function of issue could be entrusted, after the complete failure of Lord Sydenham's proposals of 1841 (largely, to be sure, through the influence of the chartered banks); there was no probability of establishing a Government bank of issue, and there was on the part of the Government itself such pressing financial need that any step towards relief would be welcome.

The free banking laws of the State of New York had been in force

since 1838. The commercial relations between the Upper Province and New York had long been close and important. When the economic conditions of the two countries were compared, New York, no doubt, appeared to marked advantage. New York's legislation, therefore, was not unlikely to be regarded by Canadians as recommended by the success and prosperity of the land in which it was in force. Nor was its influence necessarily the weaker because the judgment as to results was not entirely logical. So in spite of the early record of the system, in spite of the failure of twenty-nine banks in the first five years of the law's operation, and the fact that the special deposits of securities realized but 74 per cent. on the defaulted notes, Mr. Merritt's bill was modeled after the free banking laws of New York. Its objects are sufficiently described as (a) to provide for the establishment of small banks, (b) properly to secure their circulation, (c) to relieve, in part at least, the financial difficulties of the Government by widening the market for its securities, and at the same time so stimulating the demand as to raise their value.

II.

The measure as passed (13 and 14 Vic., cap. 21) first repealed the old laws of Lower Canada (Ord. L. C. 2 Vic. (3), cap. 57), "to regulate private banking and the circulation of the notes of private bankers," and of Upper Canada (7 Wm. IV., cap. 13), "to protect the public against injury from private banks." Henceforth it became lawful only for chartered banks or other corporations or persons authorized under the new act to issue circulating notes, which were to be of the value of five shillings or over. Notes under five shillings were prohibited. So, also, circulation by unauthorized persons was forbidden on penalty of fines of £100.

The significant provision of the act is the extension of the privilege of note issue "to other persons or corporations thereunto authorized as provided for herein." Individuals or general partners might establish banks, or joint stock companies might be formed to carry on the business, but in any case the bank was to have an office in but one place, and in but one city, town or village. Of the companies was required a minimum capital stock of £25,000, divided into shares of £10 or more.* Articles of agreement in notarial form, showing the name, place of business, capital stock, number of shares, names and residences of the shareholders, and the time when the company should begin and end, were the legal basis for organization. After the articles were duly filed in stipulated courts of record, the companies became incorporated, and the liabilities of the shareholders limited to double the amount of their subscribed stock. The total liabilities of a joint stock bank were not allowed to exceed three times its capital stock. Every institution working under the act was required to keep *bona fide* an office of discount and deposit, at all times to keep exposed in its place of business a list of its partners or shareholders, and to make detailed semi-annual returns to the Inspector-General, as well as to submit to official inspection at the discretion of the Government.

In order to issue notes the banks thus formed were each obliged to deposit with the Receiver-General Provincial securities for not less than £25,000 currency (\$100,000) par value in pledge for the redemption of

* The denominations of pounds, shillings and pence used in this article are those of the so-called "Halifax Currency," the usual money of account in the British North American Colonies down to the latter half of the fifties, when the change was made to dollars, cents and mills. A pound currency was worth approximately \$4 U. S. coin, and a pound sterling was valued at £1 4s. 4d. Halifax currency.

their notes. Interest on the securities was to be paid to the depositor as it accrued, and against the bonds the Receiver-General was authorized to deliver to the bank an equal amount of registered notes, printed from plates furnished by the bank upon paper selected by the Receiver-General. When signed by the proper officer these notes were to become notes of the bank. In every case they were to be payable in specie on demand at the bank's place of business. They were to be marked "Secured by Provincial securities deposited with the Receiver-General," and were to be receivable for all duties and sums due to the Provincial Government, so long as the issuing bank redeemed its notes. These registered notes were exempt from the rate of 1 per cent. per annum levied upon the average monthly circulation of the chartered banks. The third or fiscal object of the act is especially plain in that clause which permits the chartered banks to surrender their right of circulation against assets, and to secure from the Receiver-General registered notes in return for deposits of securities. Any of the corporations within the purview of the act might deposit additional securities from time to time, and withdraw sums of not less than £5,000, provided that like amounts of the notes were returned to the Receiver-General, and the required deposit of £25,000 maintained.

If, in case of suspension of specie payment and protest of the notes, the paper was not paid with interest at 6 per cent. within ten days after the requisition issued by the Inspector-General of the Province upon receipt of the protested notes, that officer was commanded to close the institution and wind up its affairs, should it have no valid excuse to offer for the default. The process of liquidation was to be completed by a receiver appointed by the Receiver-General. His duty was *first* to pay off the notes from the proceeds of the securities on deposit. The remaining proceeds were then to be applied with the other assets to settlement of the remaining debts of the bank. But if insufficient funds were realized from the sale of the securities, the general assets of the bank were to be applied to the payment of the notes before they were used for the other claims. This is the first appearance in Canadian legislation of that principle of making bank notes a preferred claim, which, thirty years later, was embodied in the Bank Act of the Dominion.

III.

The act to establish freedom of banking could hardly be called perfect. Time proved it ill-calculated to promote the ends of the Legislature which passed it. The amendments passed in the following years show that certain of its defects were recognized. From the very first it suffered severe criticism on the part of the English Lords of the Treasury. The most serious defect of the act, in their opinion, was the lack of guarantee for the immediate convertibility of the notes on demand. Against the fancied completeness of Government obligations as "security," they cite the fall of Exchequer bills to thirty-five shillings discount in 1847. Anxious as always that the financial and monetary systems of the colonies should be sound, they warn the Canadian Government against the reverses following too great an extension of the facilities which may be afforded by the use of paper money. The measure might cause Canadian securities to rise temporarily, but they would also be exposed to the risk of depreciation should it become necessary to throw them into the market in order to provide for the payment of bank notes. In the opinion of the Lords of the Treasury, the great protection against over issue was the constant maintenance of a proportionate reserve of specie against the outstanding circulation, with Government supervision

and frequent publication of bank statements. They recommended the requirement of a specie reserve of one-third of the notes issued and of monthly statements.

The following year, accordingly, an amendment was passed requiring monthly statements from the free banks. It is plain that half-yearly returns provided a basis for intelligent criticism to neither the Government nor the public. The period of one year in which to retire their circulation and begin operations under the new plan accorded by the act of 1850 to banks or companies whose authority to issue notes had been withdrawn by the act, was increased to five years, provided that in each year of the next four they should retire one-fourth of the average circulation during 1850, of notes not secured by a deposit of bonds. The requirement of a specie reserve of one-third was not adopted.

In the same session, the Assembly passed another act with a view "to encourage the chartered banks to adopt, as far as conveniently practicable, the principles of the general banking act in regard to the securing of the redemption of their bank notes." The real purpose, of course, was a further sale of bonds. The means were (a) a remission during the next three years of one-half the tax on circulation to those banks willing forthwith to restrict their circulation to the highest amount shown in the last statement, and at the end of three years to three-fourths of the average for 1849 and 1850; (b) at the end of the three years entire exemption from the tax to banks with note circulation thus restricted; (c) permission to such banks to issue in excess of the restricted circulation further notes to the amount they should hold of gold or silver coin or bullion or debentures of any kind issued by the Receiver-General, the value of such securities to be reckoned at par; (d) exemption of these banks from the requirement to deposit the debentures and to secure registered notes. But if failures occurred the proceeds of bonds thus held by the banks were to be applied exclusively to the redemption of outstanding notes.

The Act 16 Vic., cap. clxii. (session of 1853) was an attempt further "to encourage the issue by the chartered banks of notes secured" in this manner. They were permitted to issue notes in excess of the limit laid down by their charters, *i. e.*, the amount of their paid-up capital stock, to the amount of the sums held by them in specie or debentures receivable in deposit by the Receiver-General, although the deposit of the securities was not required. The 1 per cent. tax upon circulation, also, was to be calculated only upon the sum by which the average during any period of the outstanding notes of a bank should exceed the average of the securities and specie which the bank had on hand.

These measures, though the original act was copied from the New York law, seem strongly to reflect the influence upon Canadian legislators of Sir Robert Peel's Bank Act of 1844, and the statutes of 1845, which dealt with Scotch and Irish banks. The plan of restricting that part of the circulation "unprotected" by special security, the extension to the banks of the privilege of indefinitely increasing circulation beyond that limit, provided equivalent values in specie or debentures were held, and the repeated efforts to provide as much as possible of the fiduciary currency with bond security, might not perhaps be conclusive evidence of this influence. The regulations might have been adopted after independent consideration, or to reach other ultimate ends than those sought by Lord Overstone, Sir Robert Peel, and their followers. In Canada, too, the financial purpose, though the laws failed to afford the anticipated help, was highly influential.

But the influence of an effort to follow English example is strongly supported by the authority of Sir Francis Hincks in the Assembly at

that time. Ten years before he had supported, against his own party, the proposals of Lord Sydenham for improving the Canadian currency by means similar to those suggested by Lord Overstone. As late as 1870 his views on the question were unchanged. The inference is confirmed by the fact that in 1851 the Colonial Office itself advised the Canadians to adopt, as far as possible, the principles of Peel's Bank Act in their regulation of banking and currency. The authority of the officials in Downing street, and the usual promptness with which the colony carried out their recommendations, leave no doubt of the marked and even decisive effect of this factor in the "freedom of banking" legislation of 1852 to 1856. Following is the significant excerpt from the letter of C. E. Trevelyan for the Lords of the Treasury, enclosed in the despatch of Earl Grey, H. M. Principal Secretary of State for the Colonies, dated 24th June, 1851: "Although the establishment of a bank in connection with the Government appears to have been impracticable or inexpedient, it does not follow that some modification of the scheme adopted in the United Kingdom with respect to the circulation, the leading feature of which is a limitation to the amount of notes issued on the credit of securities, and the maintenance of a deposit of securities equal to all issues exceeding that amount, might not still be attainable in Canada."

The possible dangers or faults of the original act, pointed out for the Lords of the Treasury in the same letter, and noted by us on page 158, were not, on the whole, the source of much trouble in the working of the system. To discuss the other defects in the scheme, or what might be termed the errors in principle, would be to raise the questions of bond-based or specially secured bank circulation *versus* circulation as a general charge against assets, and of the system of many small local banks *versus* that of fewer large banks with branches. But for Canada, at least, these and the minor controversies they involve have been decided. What really prevented a thorough trial of so-called "Free Banking," and a complete experience of its results, whether for good or evil, was the inferior opportunity which it offered for banking profits. Very few banks began operations under the law; the system of chartered banks remained predominant and characteristic. The fate of the free banks will show how unequal was the struggle with these competitors. Nor is the reason far to seek.

The bonds receivable on deposit as note security bore interest at 6 per cent. Since they could be bought at less than par, they netted as an investment a somewhat higher rate. The minimum deposit for a bank beginning business was £25,000 currency, or \$100,000. The small banks, however, which it was expected to establish under this act, would seldom need a capital greater than £25,000, and, even if they needed it, a greater sum would be hard to get in the localities whence the demand for such institutions came. But before a bank could begin business this hardly-gained capital was to be removed from the locality and locked up in debentures. In return for these, the free bank was to receive an equivalent amount in registered circulating notes. A chartered bank, on the other hand, acquired by the privilege of circulation a power of loaning to the community, in addition to its capital stock, the amount of its authorized note issue. To meet the needs of its district, the free bank in our example was to derive from capital and circulation combined a fund of only £25,000, *i. e.*, the amount of its note issue, or rather so much of it as could be kept in circulation, a proportion which rarely reached 90 per cent., and in some cases did not exceed 50 per cent. In brief, £25,000 of the capital of the district was to be taken bodily away and replaced by notes, of which only a part were available for loaning

purposes. If carried out, the scheme to provide banking facilities for poor communities was destined actually to diminish the loanable funds in the districts for whose benefit it was devised.

Intimately connected with this fault, is the fatal defect of the act—the slight inducement to investment afforded by its provisions. With its capital locked up in debentures there remained to the free bank, besides its deposits, which need not be considered here, the £25,000 of registered notes for accommodation of the local public. Of these, we have seen that only 50 to 90 per cent. constituted the actual loaning fund which could be turned over several times a year in banking operations, and from which could be derived the additional and incidental profits that banks, in spite of usury laws and other hindrances, will contrive to secure whenever the markets permit. From an equal sum invested in one of the chartered banks could be gained the banking profit on the capital itself, and the circulation issued upon the credit of that capital. The advantage, in favor of the chartered bank, apart from the important consideration of its control of much larger means—none of its capital being locked up in debentures—was approximately the difference between the banking profit on the amount of its capital and the interest on an equal amount invested in Government securities. In other words, the chartered bank would get the greater return from both circulation and capital; the free bank from circulation alone, its capital being invested, by law, at a lower rate of interest.

This higher gain to be had from employing their funds in their own business, also caused the chartered banks, as a rule, to reject the encouragement offered by the Legislature so to invest those funds in debentures as to make them practically a permanent loan to the Government. And in a country where the best bank profits were moderate, other investors were slow and unwilling to engage in a form of banking in which the chances for gain were still more restricted.

IV.

In November, 1854, there came before the Legislature the question of the renewal of bank charters, and the increase of their capital stock. In this connection Sir Francis Hincks admitted that the public had not shown any great disposition to take advantage of the free banking law. He said further:

"First. He thought that the public wanted a large increase of banking capital.

"Second. There was not money in Canada to furnish that capital.

"Third. The country must get this capital from foreigners, and the people of Canada would have to consult foreigners as to the manner in which it should be done.

"Fourth. The country knew that no English capitalist was disposed to furnish money to Canada through the agency of private banks. But English capitalists would recognize the large chartered banks, because these banks had been known for many years as a safe means of investing capital. . . . Capitalists had confidence in them, but they would not have confidence in private banks established under a new banking system. If the people wanted to increase their banking capital, they must do so through the existing banks."

To the Bank of British North America, however, the new law had permitted a valuable privilege, denied it by its Royal Charter, but enjoyed by the other banks under their Colonial charters, usually to the extent of one-fifth of their entire note issue. This was the right to issue notes of denominations under \$4. December 31, 1854, the British Bank held £162,125 of bonds, and had outstanding against them £153,-

750 of one and two dollar notes. Until the banks surrendered their small note circulation in 1870, it appears to have continued its issues under this act. Three other banks were doing business at the close of 1854 under the act. Their statements are as follows:

	<i>Molsons' Bank, Montreal.</i>	<i>Niagara Dist. Bank, St. Catharines.</i>	<i>Zimmerman Bank, Clifton.</i>	<i>Total</i>
Capital in Provincial debentures deposited with the Receiver-General.....	£50,000	£50,000	£25,000	£281,125
Amount of registered notes outstanding and delivered to the banks by the Inspector-General	50,000	49,999	24,500	278,249
Circulation.....	37,861	46,169	22,000	
Liabilities, including circulation.	85,446	67,615	29,321	
Assets.....	136,840	101,642	49,931	

The next year operations reach the highest figure in the whole history of the act, though only four banks appear in the statement.

	<i>Bank of B. N. America.</i>	<i>Molsons' Bank.</i>	<i>Niagara Dist. Bank.</i>	<i>Zimmerman Bank.</i>	<i>Total.</i>
Capital in Provincial debentures deposited with the Receiver-General.....	£170,708	£50,000	£50,000	£40,000	£310,708
Registered notes outstanding...	169,750	49,794	49,999	40,000	309,549
Circulation.....		24,332	69,050*	40,000	
Liabilities.....		24,332	77,761	48,817	
Assets.....		79,100	133,285	54,585	

* Also issues under charter.

In 1855 the Legislature granted charters to the Molsons' Bank, the Zimmerman Bank, and the Bank of the Niagara District, and required, as one of the conditions of the extended privileges, the increase of the capital stock of each to £250,000, of which, in each instance, at least £100,000 was to be subscribed before the bank began its new corporate existence.

After 1855 there was a steady falling off in the amount of securities deposited, notes outstanding against them, and notes in circulation. In the statement of 1856 the Provincial Bank and the Bank of the County of Elgin first appear, the former with a deposit of securities for \$120,000 and notes for the same amount, the latter with securities for \$100,000 and notes for \$79,950. The newly chartered banks appear to have been retiring their secured notes. The total bond deposits are \$1,114,633.33 (£278,658), and notes outstanding, \$1,080,684 (£270,171). In 1857 the figures have fallen to \$770,319.33 and \$769,730. In 1858 they are \$730,503.33 and \$729,531, and the Molsons' and the Zimmerman Banks disappear from the list. In 1859 the bond deposits are \$730,503.33, and notes outstanding, \$699,531; in 1860, \$562,603.33, and \$495,631, of which the British Bank stands for \$440,933.33 and \$373,964, about \$100,000 less than in the statements for 1857 to 1859.

V.

The failure of the system had received the attention of the Legislative Assembly at least three years before. On March 6, 1857, the Hon. Wm. Cayley introduced a bill to discontinue the incorporation of joint stock banks and the issue of registered notes. The merchants and moneyed men of the Province were generally in favor of the older chartered system, he said, and even in 1855, the Assembly had decided to perpetuate it. Its decided superiority had been shown by the action of the three banks which had retired their registered notes and continued their business under charters. Wm. Hamilton Merritt was still in the Assem-

bly, and in reaffirming his responsibility for the first free banking act, he declared, with a lofty disdain of the facts, that it was the "best system adopted in any country from the beginning of the world to the present time." "The sole cause of its being inoperative in Canada," he contended, "was that it had not been honestly carried out." Mr. Cayley's bill did not come up for the third reading, for what reason the debates give no evidence.

In 1859, the then Minister of Finance, the Honorable A. T. Galt, in moving for a select committee on banking and currency, referred to the tendency of the free banks to secure charters, and to the unimportant and limited character of the operations then carried on under the act. Of the "Resolutions for a Bank of Issue or Treasury Department," which the Minister in 1860 based upon the investigations of this committee, the third provided for the repeal of the free banking law, with the permission to banks working under it to come under the general act for all banks outlined in the other resolutions. But in these, as a whole, were proposed such revolutionary changes in the currency and banking system of the country that action upon them was indefinitely postponed.

By December, 1861, the Niagara District Bank had nearly withdrawn its Provincial securities, and the Provincial and County of Elgin Banks had only \$2,000 and \$20,440 of bonds, respectively, on deposit. At the end of 1862, the British Bank held securities for \$436,933.33; its registered notes amounted to \$336,964, of which \$130,505 were in circulation. But the Provincial Bank had deposits and circulation of only \$9,729, and the Bank of the County of Elgin had disappeared both from the Government statement and the world of business. To all intents and purposes, free banking in Canada had run its course.

Six banks in all had taken advantage of the act. To one of these, the Bank of British North America, the privileges acquired under the act were doubtless of considerable value. It was enabled to issue notes of denominations originally forbidden by its Royal Charter, without much other inconvenience than a change in one of its accounts. For even before 1850, it had been the custom of the British Bank to hold among its more liquid assets a much larger amount of Provincial debentures than even its small-note circulation amounted to in after years. Two of the companies working solely under the free banking laws wearily struggled for three years (1856 to 1858) against the competition and prestige of the chartered banks, and then began to retire their issues and wind up their business. The three banks earliest started under the act soon applied for charters and secured them.

Of these the Zimmerman Bank had the shortest life. Founded in 1854 by a person of means, it was to an unusual degree the creature of one man. It seems, however, to have been well and honorably managed by the capitalist whose name it bore. In 1858 the charter of 1855 was amended by changing the name of the institution to the "Bank of Clifton," and extending the time for the subscription and payment in full of its capital stock. But in spite of these favors and of the extraordinary privilege "that the bank notes and bills in circulation shall be of whatsoever value the directors shall think fit to issue the same, but none shall be under the value of five shillings (\$1)," the bank was soon wound up after the death of Mr. Zimmerman. In 1863 its charter was repealed.

The Bank of the Niagara District, with its head office in St. Catharines, Canada West, found difficulty from the first in securing the capital required by its charter. The act of 1855 required subscription and payment in full of the million dollars in five years. In 1857 an indulgent Legislature extended the term to 1861; in 1861 to 1866; in 1863 the

capital stock requirement was reduced to \$400,000, and the time for paying it up extended to 1865. The bank had a fairly successful career until it suffered large losses through the failures of Jay Cooke & Co., and others, in 1873. Hardly able longer to carry on an independent business, it was amalgamated early in 1875 with the Imperial Bank of Canada. The shares of the Niagara District Bank were exchanged for those of the Imperial, according to the relative value of the two stocks, and thereafter the former bank disappeared as a separate institution.

Out of the five originally "free banks," but one, the Molsons' Bank, of Montreal, has survived, and is now an institution of standing and importance.—*Journal of the Canadian Bankers' Association.*

ALTERATION OF A NOTE.

SUPREME COURT OF ALABAMA.

Winter et al. v. Pool.

The insertion of a place of payment in a note after delivery is a material alteration.

In a suit on a note, an instruction that, if a material alteration was made without the maker's consent, no recovery could be had, was not error, when there was no evidence that the alteration was made by a stranger.

Where the issue is whether the place of payment was inserted in a note after delivery, evidence that other notes executed by other persons to the same payee were left blank as to the place of payment is inadmissible.

STONE, C. J.—When a note, after its execution and delivery, has been altered in a material part, *prima facie* no recovery can be had upon it. Upon proof that the paper has been so altered, the burden is cast on the plaintiff to overcome the presumed invalidity of the paper—this *prima facie* intendment. This he may do by showing that the alteration was made with the consent of the promisor, or that it was made by a stranger having no interest in it. Unless such proof is made, no recovery can be had. (*Anderson v. Bellenger*, 87 Ala. 334, 6 South. 82; *Montgomery v. Crossthwait*, 90 Ala. 553, 8 South. 498; 1 Amer. & Eng. Enc. Law, 503 *et seq.*; Whart. Ev. § 626; 1 Greenl. Ev. 564, and note.) An immaterial, formal alteration, not changing the legal effect of the contract, is harmless, no matter by whom made. The alteration alleged to have been made in this case was material. It changed and converted a non-negotiable note into commercial paper. This, if proved, destroyed the validity of the note, unless its effect was overcome in one of the methods named above.

There was no testimony offered that the alteration was made by a stranger, and hence it was not necessary to allude to that question in the charge. Had there been such proof, the charge would have been faulty. Being construed in the light of the testimony, we find no available error in it, so far as this aspect of the question is concerned.

The Circuit Court clearly erred in the admission in evidence for the defendant of the notes made by Scaife and another to the same payees as those shown in the note in this case. Such testimony was not admissible for any purpose in the contest between these parties. Any influence it could exert was bound to be prejudicial to the plaintiffs in this suit.—*Southern Reporter.*

COLLECTION.

COURT OF APPEALS OF NEW YORK.

Crouse v. First National Bank of Penn Yan.

Plaintiff drew a draft, "without protest," on his debtor, payable at sight, and inclosed it to defendant bank for collection, without instructions as to presentment. The drawee lived in the country, some distance from the bank, which on the day of the receipt of the draft notified him by mail, as was the custom of banks in the place, unless specially instructed. A week later the drawee called at the bank, said he would pay the draft the next week, and accepted it. On the same day plaintiff was notified by letter that the draft was payable the following week, and later he sent his clerk to inquire about it. No further instructions were given, and a few days afterwards plaintiff wrote, asking if the drawee had made arrangements for payment, thus recognizing what the bank had done. About two weeks after accepting the draft, the drawee made an assignment for the benefit of creditors. *Held*, That defendant was not guilty of negligence in presenting the draft for payment, or in failing to make proper efforts to collect it after acceptance. (15 N. Y. Supp. 408, affirmed.)

The draft was a mode adopted by plaintiff of collecting a debt due from the drawee, and defendant bank was his agent for the mere purpose of collection; and in such case the strict rules usually enforced with respect to commercial paper in matters of presentment, demand and notice do not apply.

GRAY, J.—We think the reversal of the judgment was right. The facts disclosed by the evidence did not make out a case of negligence, nor did they show that the plaintiff's firm had suffered any damage by reason of anything on the part of the bank. The evidence was wholly insufficient to support the referee's findings in those respects. As we read this record, no inference was permissible from the evidence that the bank had failed in any duty towards the plaintiff's firm. The draft in question was merely a convenient mode adopted by the firm of Crouse & Walrath to collect a portion of a debt due them from Dinehart, and the defendant bank was made their agent for the mere purpose of collection. Dinehart lived in the country, at some distance from Penn Yan; and, as it was testified to without objection, the custom of the banks in that place, where they held drafts upon parties residing in the country, was to notify them by mail, unless especial instructions were given to present the paper, in which case a notary would be employed. Here the plaintiff's firm had expressly waived protest of the draft, and there was no requirement for presentment by a notary, or for any extraordinary course with respect to it. There was no question in the case of holding other parties, and there was nothing in the relations of plaintiff's firm with the defendant which made it incumbent upon the bank to exercise other than that usual and ordinary diligence in the performance of the duty of the assumed agency which the circumstances called for. The plaintiff's firm were notified by letter of the draft being payable in the following week, as the best that Dinehart could do about it. Their clerk was sent to inquire about it, and the draft was not only left with the bank, with no further instructions about it, but on March 3d they wrote, asking if Dinehart had made arrangements to pay the draft; thus recognizing, and tacitly ratifying, what the bank had done. Not only was the bank not bound to do more than it had done, but it is difficult to see what more it could have done. It was without especial instructions, and the plaintiff's firm were sufficiently apprised of the

situation to make it incumbent upon them to further instruct the bank, if they desired it to do more. Knowing of the non-payment of the draft, it behooved them to act in the matter for their own interests. The strict rules which usually are applied with respect to commercial paper in matters of presentment, demand and notice do not apply to such a case as this, as the general term very correctly observe in their opinion. The defendant acted as the plaintiff's agent to collect a part of a debt, and in view of the circumstances, and with the knowledge chargeable to the principal as to its conduct of the matter, it could not be inferred from the evidence that it was guilty of any negligence in the discharge of its duty. It may be added that there was an utter lack of evidence to afford a presumption of damage to the plaintiff's firm from the conduct of the defendant. No inference was possible from the evidence that there was a reasonable probability that the debt would have been paid if Dinehart had been pressed for payment from the time when the draft was presented until he assigned. The order appealed from should be affirmed, and judgment absolute ordered for the defendant on the stipulation, with costs in all the courts. All concur.—*Northeastern Reporter*.

LIABILITY OF A THIRD PERSON AS INDORSER

SUPREME COURT OF SOUTH CAROLINA.

Johnston, Probate Judge, v. McDonald.

To render an indorser of a note liable as maker, he must have indorsed it before or at the time of delivery to the payee.

The mere fact that the name of a third person is found indorsed on a note affords no presumption that it was placed there when the note was made.

MCIVER, C. J.—This was an action to recover the amount due on a promissory note, dated 15th of April, 1886, whereby one W. L. McDonald promised to pay, on the 1st day of December, after date, to one J. R. Boyles, the sum of \$260, with interest, etc. The name of the defendant, J. E. McDonald, is written across the back of the note, and below that is written the assignment of the note to J. A. Hinnant, judge of probate and public guardian, signed by J. R. Boyles, and dated 27th of January, 1887. In the complaint it is alleged (1) that the said W. L. McDonald executed and delivered the said note to the said J. R. Boyles; (2) "that the said promissory note was indorsed by the defendant, J. E. McDonald, by writing his name on the back thereof, and he thereby promised to pay to the said J. R. Boyles the said sum of money, with interest as aforesaid, and was delivered so indorsed to the said J. R. Boyles;" (3) that the note, so indorsed, was duly assigned to the said J. A. Hinnant, judge of probate and public guardian, on the 27th of January, 1887; (4) that the plaintiff is the duly elected and qualified successor of the said Hinnant in the said office of judge of probate, and as such is the legal owner and holder of the said note. The defendant, in his answer, sets up several defenses: (1) A general denial of each and every allegation contained in the complaint; (2) that no demand was made for payment of said note at maturity, and no notice of non-payment given, and no protest was made; (3) that the indorsement of said note by defendant was without consideration. The plaintiff offered testimony tending to show the genuineness of the several signatures on the note, and its indorse-

ments, and that he was the successor in office of the said Hinnant, and closed his case. Thereupon the defendant moved for a nonsuit, upon the ground, substantially, that there was no testimony tending to show that the defendant ever made any promise to pay the note. The motion for a nonsuit was granted, and the plaintiff appeals from the judgment entered thereon, upon the several grounds set out in the record, and the defendant gives notice that he will seek to sustain the nonsuit upon certain additional grounds, likewise set out in the record.

Under the view which we take of this case, we do not deem it necessary to consider these grounds *seriatim*, for, as we understand it, the real question in the case is whether the mere fact that the defendant wrote his name across the back of the note (at what time does not appear) is sufficient to make the defendant liable as one of the makers of the note; for it is not contended, and cannot well be, for reasons which it is needless to state here, that the defendant can be held liable either as indorser or as guarantor, and, if he cannot be held liable as maker, he cannot be held liable at all. There can be no doubt that the authorities cited by the counsel for appellant conclusively show that a third person may, under certain circumstances, make himself liable, as one of the original makers, on a note signed by one person, payable to another, by simply writing his name across the back of a note, whether it be negotiable in form or unnegotiable, as the note here in question is, inasmuch as it is not payable to order or to bearer. But in order to fix such liability upon a third person, who has written his name across the back of a note made payable by one person to another, it is necessary for the holder to show that such indorsement was made at the time or before delivery of the note to the payee; in other words, that it was a part of the original transaction. See *Tucker v. English*, 2 Speer, 673, and the comments thereon in the subsequent case of *Cockrell v. Milling*, 1 Strob., at page 447, where Evans, J., in speaking of the case of *Tucker v. English*, says: "In the very short report of that case it is said: 'A third person made a single bill under seal, payable to the plaintiff or order. The defendant wrote his name on the back.' If this was all the evidence, then the opinion of the presiding judge, which was affirmed in this court, that it did not make the defendant a drawer of a note of hand, was unquestionably correct. If a stranger to the contract wrote his name on the back of a single bill, without any consideration which might charge him as a guarantor, he would incur no liability. He could not be charged as drawer, for he was no party to the original contract. But the case of *Tucker v. English* is very different from this case. Here Milling was a party to the original contract. His name was on the note before it was delivered. It was put there as the security which the plaintiff required as a condition precedent to the delivery of the furniture" for which the note was given. It is very obvious, therefore, that the distinction drawn between the two cases was not based upon the fact that in *Tucker v. English* the note was under seal, but upon the fact that in *Cockrell v. Milling* there was evidence showing that the name of the defendant was written on the back of the note before the delivery of the note to the payee, and was in fact a part of the original contract. Indeed, it appears from the opinion in *Cockrell v. Milling* that the note there in question was signed by McDowell, the principal debtor, under his seal. Indeed, we do not see how, in the very nature of things, it is possible to hold a third person, who writes his name on the back of a note, as one of the original makers, until it is shown by evidence that it was written there at the time of the making of the note. One cannot be regarded as a joint, or a joint and several, maker of a note by writing his name on the note after it has been made

and passed beyond the control of the original maker. One cannot join in making a note which has already been made and delivered to the payee. It seems to us, therefore, essentially necessary that, in order to hold a third person liable as maker of a note, the mere fact that his name appears on the back of the note is not sufficient, but there must be some evidence to show that his name was put there before or at the time of delivery to the payee; and it is not without significance to observe that in the cases of *Stoney v. Beaubien*, 2 McM. 313; *Cockrell v. Milling*, 1 Strob. 444; *McCreary v. Bird*, 12 Rich. Law, 554; *Watson v. Barr*, 37 S. C. 463, 16 S. E. 188; *Rey v. Simpson*, 22 How. 341; and *Good v. Martin*, 95 U. S. 90—cited by appellant, it distinctly appeared that the name of defendant was indorsed on the note before it was delivered to the payee. It is a mistake to suppose that such fact did not appear in *McCreary v. Bird*, as stated by counsel, for O'Neal, J., in delivering the opinion of the court, at page 556, distinctly states the fact, upon which he seems to rely, that, "when Mood [the original maker] delivered the note to McCreary [the payee], the defendant's name was upon it;" and the same fact is also stated in the report of the circuit judge, at page 555.

It is contended, however, that the mere fact that the name of a third person is found indorsed on a note affords a presumption that such indorsement was placed there at the time of the making of the note, and the cases of *Good v. Martin*, *supra*, and *Childs v. Wyman*, 44 Me. 433, are cited to sustain this view. But the language quoted from *Good v. Martin* was evidently not used as an expression of the opinion of the Supreme Court of the United States, but simply as a statement of what was decided in the Maine case of *Childs v. Wyman*; and the whole tenor of the opinion of Mr. Justice Clifford shows that he did not accept that view, but, on the contrary, regarded it necessary to show that the indorsement was on the note at the time it was delivered to the payee. We cannot, therefore, accept the view contended for; and, on the contrary, it seems to us the presumption should be the other way, as it certainly is not usual for one to bind himself as maker of a note by writing his name on the back of the note of another person. As there was no evidence in this case tending to show that the name of the defendant was indorsed on the note here in question at the time it was delivered to the original payee, and no evidence that the defendant in any way participated in the contract made between the original parties, W. L. McDonald and J. R. Boyles, or even knew that such a contract had been made or was even in contemplation, we think that the plaintiff utterly failed to make out his case, and there was no error in granting the nonsuit. The judgment of this court is that the judgment of the Circuit Court be affirmed. McGowan and Pope, JJ., concur.—*Southeastern Reporter*.

THE RECEIPT OF DEPOSITS BY AN INSOLVENT BANK

SUPREME COURT OF MISSOURI.

State v. Buck.

Under Rev. St. 1879, § 1,350, as amended by Act 1887, making it unlawful for the officers of any bank, "or the owner, agent, or manager of any private bank or banking institution," to receive deposits knowing such bank to be insolvent, the owner of a private bank is liable, though he had not complied with the provisions of the statute in the organization of his bank, and consequently was doing an unauthorized business. (*State v. Buck*, 18 S. W. 1,113, 108 Mo. 622, followed.)

BURGESS, J.—It was only about one month from the date of the deposit until defendant's bank failed and closed its doors. This, of itself, had a strong tendency to show that the bank was in failing circumstances, if not, in fact, insolvent, at the time the deposit was received; and the law which makes its failure so recently thereafter *prima facie* evidence of knowledge upon the part of its officers that it was insolvent or in failing circumstances at that time is neither unjust nor unconstitutional. As a banker, it was defendant's business to know the financial condition of his bank at any and all times. The statute has direct connection with, and reference to, those who own and operate banks, and does not embrace within its provisions any person not connected therewith. Here the act which makes the failure of any private bank *prima facie* evidence of the knowledge on the part of the owner, agent, or manager of any private bank or banking institution doing business in this State, that the bank was in failing circumstances or insolvent at the time of receiving any deposit, has some relation to, and furnishes some evidence of, the alleged offense. To make receiving money on deposit, under such circumstances, *prima facie* evidence of knowledge on the part of the owner of the bank that it was then in failing circumstances or insolvent, violates no constitutional guaranty. It leaves a party thus connected with the bank ample opportunity to make his defense. The party can be a witness in his own behalf, and it can never be difficult for him to show what the facts really are. If the bank has been robbed by some trusted clerk, without the knowledge of its officers, or sudden or unexpected failures of its correspondents have brought about its insolvency or failing condition, such and other matters of like character are of easy explanation. Receiving the money on deposit, knowing that the bank was in failing circumstances or insolvent, was in itself unlawful; the proof of excuse or justification for which was on the defendant; and, if he fail to excuse or justify himself, the law implies a criminal intent. (*State v. Patterson*, 116 Mo. 513, 22 S. W. 690, and authorities cited; *State v. McCance*, 110 Mo. 398, 19 S. W. 648.) The burden of proof is not really changed. The statute enables the State to make a *prima facie* case by proof of the deposit and failure of the bank. But the defendant can show the circumstances attending the failure, and any facts tending to exonerate him from liability, and then, on the whole case, the burden still rests on the prosecution to establish his guilt beyond a reasonable doubt. (*People v. Cannon*, *supra*.) The presumption of innocence with which defendant is clothed, and never shifts, rests with him throughout, and, notwithstanding the *prima facie* case made out by the State, it must still go further. "A *prima facie* case will not

warrant a conviction." (*State v. Rector* (Mo. Sup.) 23 S. W. 1,074.) It is a well-known rule of common law that when one person uses upon another, at some vital part, a deadly weapon, the law presumes the intent is to kill; and that the possession of stolen property recently after its theft raises a presumption that the person in whose possession it is found is the thief. Why, then, may not the legislature pass a law making a certain state of facts, connected with what is declared by statute to be a criminal offense, *prima facie* evidence of the truth thereof? We are unable to see why it cannot do so, nor has any good reason been suggested to us why it may not be done. We therefore think there was no error committed in giving the instruction.—*Southwestern Reporter*.

EFFECT OF PAYING A JOINT NOTE BY ONE OF THE MAKERS.

SUPREME COURT OF COLORADO.

Swem et al. v. Newell.

Where one of two joint makers of a note pays the holder the amount then due, the note is satisfied, though the transaction is in the form of a purchase, and the note is assigned to the payor.

GODDARD, J.—From the face of the note sued on, and the allegations of the complaint, it appears that Henry Sparnick was a joint maker, and the payment by him to Young, the payee, on the 2d of August, 1883, of the amount of the principal and interest then due, operated as a full satisfaction, and ended the life and existence of the note. It was thenceforth *functus officio*, and could not be enforced against the other joint makers. (*Fitch v. Hammer*, 17 Colo. 591, 31 Pac. 336; *Edgerly v. Emerson*, 23 N. H. 555; *Sprague v. Ainsworth*, 40 Vt. 47; *Lenoir v. Rittenhouse*, 61 Miss. 400; *Adams v. Drake*, 11 Cush. 504; 3 Rand. Com. Paper, § 1,426.) "Payment by one of several joint debtors, although it be made by him in the form of a purchase, and be accompanied by an assignment of the debt, is still a discharge of the debt." (*Institution v. Hathaway*, 134 Mass. 69.)

It is contended in argument that Sparnick was an accommodation maker, and that the assignment of the note to him by Young evidences that fact. We are unable to see wherein such inference is deducible from the assignment, or that it constitutes any evidence of such fact, especially as against Swem and Younker. If such an inference could be indulged in, it would not enable the plaintiff below to maintain an action on the note. As was said in *Fitch v. Hammer*, *supra*: "An indorsement or assignment of the note cannot serve to keep the note itself alive, so as to be made the basis of a suit. Where the payment is made by a surety, he is, in equity, subrogated to the right of the creditor, as against the maker of the note, so far as the securities given by the maker are concerned. This is an equitable exception to the rule that payment by one joint debtor discharges the debt as to all. Under it, the obligation is still held in force for the purpose only of permitting the surety to avail himself of such securities as have been given by the principal debtor." The right of plaintiff to sue the defendants, as joint makers of the note, for a contribution, is undisputed; and if they are both principals, and Sparnick merely a surety, she is entitled to recover

the full amount of the money paid by him, from them both, either jointly or severally. On the other hand, if Swem, only, was the principal, and Younker a co-surety with Sparnick, her right of recovery would be different as against each, and in a proper action she would be entitled to recover from Younker but one-half of the amount paid by Sparnick. But no facts are alleged upon which a recovery in either of these respects can be had under this complaint. The judgment must therefore be reversed, and cause remanded. Reversed.—*Pacific Reporter*.

LEGAL MISCELLANY.

NEGOTIABLE INSTRUMENT—CONSIDERATION.—A promise may be a good consideration for a promise when there is a complete mutuality of engagement, so that each has the right at once to hold the other to a positive agreement. [*Preble v. Hunt*, Me.]

NEGOTIABLE INSTRUMENTS—ILLEGAL GUARANTY—BONA FIDE PURCHASERS.—A bill brought by a railroad company to cancel its guaranty upon the bonds of another company, on the ground of illegality and fraud, is not demurrable because it fails to show that defendants are not *bona fide* holders for value, for, when fraud or illegality in the inception of negotiable instruments is shown, it devolves upon the indorsee to show that he is a *bona fide* holder. [*Louisville, N. A. & C. Ry Co. v. Ohio Val. Improvement & Contract Co.*, U. S. C. C., Ky.]

NEGOTIABLE INSTRUMENTS—PLEADING.—Under Code Civil Proc. § 85, requiring a complaint to contain "a statement of the facts constituting the cause of action in ordinary and concise language," a complaint averring that, on a certain date, defendant, for a valuable consideration, executed and delivered to plaintiffs his note of that date for the sum of \$679.74, due at a certain date now past, with interest, etc.; that there is due and unpaid from defendant the sum of \$977.47 to this date; and that plaintiffs are now the owners of the note,—is not bad for failure to aver that defendant ever made any promise to pay any money to plaintiffs, nor any facts implying such a promise, nor when, according to such promise, payment should be made. [*Schuttler v. King*, Mont.]

NEGOTIABLE INSTRUMENT—STIPULATION FOR ATTORNEYS' FEES.—A note for a given sum, with interest and "attorneys' fees," includes only the attorneys' fees incurred in the trial court, and not those incurred by the holder in an Appellate Court to which the makers have carried the case. [*McCormick v. Falls City Bank of Louisville*, U. S. C. C., Ind.]

TRUSTS—GIFTS CAUSA MORTIS.—Conceding that the assignment of a bank-book was a gift *causa mortis*, the gift was revoked where the assignor, a few minutes before his death, told the assignee to go to the bank, get the money, and bring it to him, so that, the assignor having died intestate before the return of the assignee, the assignee would hold the funds in trust for the assignor's heirs. [*Doran v. Doran*, Cal.]

NATIONAL BANKS—PENALTY FOR USURY.—Under the Revised Statutes of the United States (§ 5,198), which authorizes the person paying usurious interest to a National bank to recover twice the amount paid, one of the joint makers of a note on which illegal interest is charged cannot recover the penalty from the bank, where the illegal interest was paid by the other maker. [*First Nat. Bank of Concordia v. Rowley*, Kan.]

CORPORATIONS—POWERS OF OFFICERS.—The authority of an officer to bind a corporation in the management of its ordinary business, with the knowledge of the members and directors: *Held*, Not to be shown by a resolution or other written evidence, but may be fairly implied. There being no proof nor allegation of fraud or unfair dealing, the plaintiff, a third person, cannot require an imputation of payment between creditors and a debtor to be changed, some time after it has been made, in compliance with a pre-existing agreement. [*Merchants & Farmers' Bank v. Hervey Plow Co., La.*]

USURY—COMMISSIONS.—The fact that a trust and banking company engaged in the business of securing loans for its customers in one instance advances money to a borrower before submitting his application and real-estate securities to the mortgage company in whose favor they are drawn, coupled with the fact that the bonds to reconvey are signed by the president of the trust company, as attorney in fact for the mortgage company, are not sufficient to justify the court in inferring, in the face of direct testimony to the contrary, that the trust company was an agent of the mortgage company, so that the payment of a commission to the former would be a payment to the latter, rendering the rate of interest usurious. [*Equitable Mortgage Co. v. Craft, U. S. C. C., Ga.*]

CORPORATIONS—TRANSFER OF NOTES BY OFFICER—RATIFICATION.—A corporation formed to build a railroad became indebted to a bank. Without express authority, the president and treasurer, its active financial agents, transferred to such bank a note received on subscription to the capital stock of the railroad company. The directors in other instances had authorized the president to use collaterals for loans, and authorized the mortgaging of the company's lands for such purpose, and they knew of the indebtedness to the bank. Six of the nine directors, separately, signed a paper ratifying the transfer after it was made: *Held*, That such transfer was ratified by the corporation. [*Bibb v. Hall, Ala.*]

GUARANTY OF NOTE—LACHES.—Defendant induced plaintiff to take a note seven months past due, by guarantying its payment. The maker, whom plaintiff knew, lived about thirty-five miles distant, and was in active business, having visible possession of property worth much more than the note, and was considered perfectly solvent. For four months after acquiring the note, plaintiff could have collected it by judgment, but he mislaid the note, and did not find it until after the maker's failure: *Held*, That it was a question for the jury whether plaintiff had been guilty of such want of diligence in collecting the note as would release defendant from liability as guarantor. [*Tissue v. Hanna, Penn.*]

NATIONAL BANKS—INSOLVENCY—PLEDGE OF SHARES.—A corporation which holds certain shares of stock in a National bank as collateral security for a loan, and is carried on the registry of the bank as the holder of such stock "as pledgee," is not subject, on the bank's insolvency, to the statutory liability of a stockholder. [*Pauly v. State Loan & Trust Co., U. S. C. C. of App.*]

PARTNERSHIP—INSOLVENCY.—The holder of a partnership note, made payable to one partner, and indorsed by him to the holder, can prove it in insolvency against the estates both of the firm and the indorsing partner, before any dividend is declared on either. [*Roger Williams Nat. Bank v. Hall, Mass.*]

LOST NOTE—EVIDENCE OF LOSS.—In an action for the amount of a note alleged to be lost, evidence that plaintiff put the note in an envelope, and has not seen it since, and does not know where it is, is insufficient to show loss. [*Wiedenfeld v. Gallagher, Tex.*]

NEGOTIABLE INSTRUMENTS—BONA FIDE PURCHASERS.—A collateral contemporaneous agreement, providing that the note shall not be paid if an executory contract forming the consideration of the note is not performed, will not affect the validity of the note in the hands of an indorsee taking it with notice of the agreement, if without knowledge of a breach thereof. [*Jennings v. Todd*, Mo.]

NEGOTIABLE INSTRUMENTS—INDORSER—PROTEST—WAIVER.—A statutory provision that the waiver of demand and notice by an indorser of a promissory note, to be valid, must be in writing, may be waived by the indorser under such facts and circumstances as will estop him from denying that the note was not duly protested for non-payment. [*Hallowell Nat. Bank v. Marston*, Me.]

NEGOTIABLE INSTRUMENT—NOTE—ATTORNEY'S FEES.—The fact that a note contains a promise to pay, in addition to the named sum for which the note was given, "ten per cent. attorney's fees, if placed in attorney's hands for collection," does not render uncertain the sum due at maturity, so as to affect the negotiability of the note. [*Shenandoah Nat. Bank v. Marsh*, Iowa.]

NEGOTIABLE INSTRUMENTS—PAYMENT—CONVERSION OF COLLATERAL SECURITY.—In an action by a bank on a promissory note, it appeared that defendant delivered as security the promissory note of S, to which was annexed, as collateral security, a certificate of corporate stock in the name of S; that defendant, with the consent of S, agreed that the bank might sell the stock, and take in place of the note of S the note of the purchaser, secured by the same stock reissued in the name of the purchaser; and that the bank sold the stock, and took in payment notes secured by the stock, payable to itself, with which notes defendant had no connection, and over which he had no control: *Held*, That, as the bank had converted the stock to its own use, defendant's note must be credited with the value of the stock at the time of conversion. [*Pauly v. Wilson*, U. S. C. C., Cal.]

PRINCIPAL AND SURETY.—If a surety discharges his obligation for a less sum than its full amount, he can only claim against the principal the actual sum paid. [*Price v. Horton*, Tex.]

CORPORATIONS—LIABILITY OF STOCKHOLDERS.—Under section 4, art. 11, of the constitution of Nebraska, the original subscribers for stock of a corporation or joint-stock association are liable to the creditors of such corporation or association for the amount unpaid on said subscription, and such liability shall follow the stock without releasing such subscriber. [*Commercial Nat. Bank v. Gibson*, Neb.]

CORPORATION—MORTGAGE BY PRESIDENT.—A corporation authorized its president to execute a mortgage to secure a loan, at a rate of interest and for a length of time specified. The mortgage executed by him was for a shorter period than authorized, and provided that the interest should be paid monthly, that a failure to pay interest when due rendered the principal due, and that the mortgagees should recover attorney's fees in case of foreclosure. These conditions were not authorized, but the company accepted the money and used it for the purposes intended, and paid the interest on the mortgage monthly for four months: *Held*, That, in an action to foreclose the mortgage for default in interest, the corporation and its assignee were estopped from denying the authority of the president to execute it. [*Gribble v. Columbus Brewing Co.*, Cal.]

GIFT—VALIDITY.—A gift of a check and certificate of deposit is established where the donor, being a business man, after having expressed his intention to make the gift, indorses the check and certificate, which

he had left in the hands of the donor for safe keeping, and delivers them to the donee, who collects them, the donor never asking for them or their proceeds again. [*Field v. Shorb*, Cal.]

NEGOTIABLE INSTRUMENTS—ALTERATION.—The purchasers of goods gave the seller in payment therefor their note, payable to a bank. In order to have it discounted by the bank, the seller signed his name below the makers, intending thereby to indorse the note. Afterwards he induced the cashier to change the note so as to make it payable to his order, and he immediately indorsed and guaranteed it to the bank, erasing his signature on the face of the note: *Held*, That this alteration, though made without the makers' knowledge, did not invalidate the note, since it did not change their liability. [*Reilly v. First Nat. Bank of Springfield*, Ill.]

NEGOTIABLE INSTRUMENTS—RELEASE OF SURETY.—If a primary debtor gives to his creditor additional security for the debt trusting that thereby the creditor will be induced to refrain from pressing for immediate payment, and the creditor accepts such security, but does not agree, either expressly or by implication, to extend the time for payment, one who was surety for the original debt will not be thereby released. [*Dodson v. Taylor*, N. J.]

BANK NOTES.

Much of the writing found on old bank notes is due to the love of scribbling possessed by many persons. Much of it is ridiculous rhyme unworthy of repetition; but occasionally it is smart and apposite to the purpose of bank notes. A sample or two of such writings may be given. On an English pound note appeared the following:

Ye ugly, dirty, little scrap !
To look at, hardly worth a rap ;
And yet I'll give my hearty vote
None can produce a sweeter note.

Another inscription :

It's odd that any man should wish
A dirty, scrabbit rag like this ;
Yet mony a ane would cut a caper
To get a when sic bits o' paper.

A contribution to bank-note literature is found in Lockhart's "Life of Scott." Lady Louisa Stuart sent the great novelist a copy of some lines which were written on a guinea note then in possession of Lady Douglas. They were as follows :

Farewell ! my note, and whereso'er ye wend
Shun gaudy scenes, and be the poor man's friend.
You've left a poor man ; go to one as poor,
And drive despair and hunger from his door.

Sir Walter expressed himself as very much pleased with these lines. Bank notes have not now so long an existence as formerly ; they are withdrawn from circulation whenever their external appearance is unsatisfactory, and are consigned to the flames, the close retort being most commonly used in their destruction. Several banks have big occasional burnings ; while others have numerous burnings for smaller amounts. When notes are presented for payment in a defective condition, from whatever cause, it is the practice of some banks to pay according to the proportion of the note which is presented. Notes are destroyed in

various ways. Dogs, cattle, sheep and cats chew them. Laundresses have been known to wash their patrons' garments containing notes, reducing them in the process to a sad state of pulp. Hens have picked at them, pigs have gulped them, mice have nibbled them. An odd story is told in this connection. Not long ago a twenty dollar note was sent to the United States Treasury for redemption. Accompanying it was an affidavit saying that the owner put it in a cigar box, where mice had got at it and nibbled it. The note was a counterfeit. Not only that, but it had been through the Treasury here at some previous time and had been stamped with the word "bad" in letters cut out of the paper. But the alleged mice had almost obliterated the letters by nibbling around them. It was a queer way for mice to behave, to say the least of it. A detective of the service was sent to look the matter up. He investigated the case fully and reported that it was all right—in short, that the note had been submitted for redemption in good faith. The owner, it appears, was an old German sailor of respectable character. Nevertheless, he would go on an occasional spree. Waking up in the morning after a night of dissipation he found all his money gone except this note for twenty dollars. Somebody had doubtless passed it off on him. He noticed nothing wrong about it and had put it into the cigar box in which he kept not only his ready money, but also bird seed for his pet canary. Mice, attracted by the bird seed, visited the box and incidentally chewed up the note. On finding it partly destroyed the sailor forwarded it to the Treasury at Washington. The case is interesting chiefly as an illustration of the way in which an appearance of fraud may sometimes mislead.—*Irish Times*.

EARLY BANKING METHODS.

The Portland *Daily Press*, in giving an account of Edward Gould, who for sixty years was cashier of the Manufacturers and Traders' Bank of that city, says:

When Mr. Gould entered the bank there were no railroads in Maine, no telegraph or telephones anywhere. A town that received one mail a day was well served. A trip to Boston from Portland by stage or sailing vessel was a rare event except to the great merchants and other celebrities. Any young banker who could hear Mr. Gould tell of his early banking methods would be greatly entertained. To issue and keep in circulation the greatest amount of bank's paper money was the chief concern of all the officers. To "keep in circulation" was to prevent its return home for redemption. To "swap," *i. e.*, to get some kind friend to take your bank's money and give you something you could send to the old Suffolk Bank of Boston was grand financiering in those days. A knowledge of counterfeit and uncurrent paper money was no mean accomplishment. Scores of people would daily visit a bank to inquire of the cashier, or expert, if a bank note was genuine "current." Small tricks, not exactly criminal, but happily not in vogue now, kept a cashier's wits constantly sharpened. Checks were drawn on little pieces of paper not half the size of the average check of to-day. Downright falsehood was not common, but to hold one's tongue or give evasive answers to the over curious was more necessary than to-day. Certification was unknown. Deposit slips were not used the first twenty years. Boston funds commanded a premium even from the most favored, while to receive a Boston check and pay therefor the paper money of the bank with assurance that it should be scattered east and west was so great good fortune that the directors were informed of it.

BANKING AND FINANCIAL ITEMS.

GENERAL.

THE BANKS AND THE TRUST COMPANIES.—The trust company is comparatively a new form of the banking business. It was originally intended to provide a place of safety in which trustees and others might deposit their funds at a low rate of interest. To this end, the field of its investments was carefully circumscribed by law to guard against possible loss. Even under these restrictions, however, as a rule, the companies have prospered until their stock is sold at many times its par value and its surplus funds are counted by millions. This prosperity has attracted the attention of the National and State banks, which have united in an appeal to the Constitutional Convention to place them on an equal footing with the trust companies in the matter of taxation. Under the present law the trust companies are taxed in their capital stock and their surplus less ten per cent., and the value of their real estate, together with the amount invested in non-taxable securities, such as Federal bonds and the bonds of certain cities, is exempt from taxation. It has been found that after this subtraction has been made very little remains to be taxed; that trust companies, in fact, pay taxes on about one dollar in ten of the total of their capital and surplus. They find it easy to escape by investing heavily in non-taxable securities before making the required statement under oath of their taxable property. The National banks, under the Federal law, cannot be taxed on their capital, but are taxed on the assessed value of their shares held by private owners. No deduction, such as those enjoyed by trust companies is allowed, but a man may offset the amount of his actual indebtedness. In former times a considerable amount was sworn off in this manner, and the law is still taken advantage of to some extent; though it provides that debts shall not be contracted for the purpose of being offset. The banks have appealed to the convention to allow them the exemptions granted to trust companies, or to deprive the trust companies of them, so that all shall fare alike. The contest between these two classes of powerful financial institutions is instructive, and it is not improbable that facts may be brought out that will enable the State to secure a larger revenue from each.

The statement that the United States Treasury is about to issue a lot of new \$1,000 bills is apt to make the average man who has to hustle pretty sharp to keep the wolf from the door wonder what such bills are used for. A man needs a pretty substantial standing in the community to be caught with one of them in his possession, for a person does not like to be under the suspicion of having committed grand larceny, or of having counterfeit money in his pocket. Most of the bills go from the Treasury to the banks, where they are kept in reserve, to be paid out only in large transactions where the work of counting out small bills would be very great. A million dollars in \$1,000 bills makes a pile about as large as a brick, for, although the pile contains one thousand bills, they are generally perfectly devoid of wrinkles, so that they lie close together.

THE AMERICAN DOLLAR-SIGN.—An exchange, which has been looking up the matter, presents five theories of the origin of the dollar-mark (\$), they being selected from about twenty more or less plausible solutions:

1. That it is a combination of "U. S.," the initials of the United States.
2. That it is a modification of the figure 8, the dollar formerly being called a "piece of eight."
3. That it is derived from a representation of the Pillars of Hercules, consisting of two needle-like towers or pillars connected with a scroll. The old Spanish coins marked with the pillar device were frequently referred to as "pillar dollars."
4. That it is a combination of "H. S.," the ancient Roman mark of money unit.
5. That it is the combination of P and S, from *peso duro*, signifying "hard dollar." In Spanish accounts *peso* is contracted by writing the S over the P and placing it after the sum.

According to one writer, the symbol of the dollar is a monogram of the letters "V," "S," and "J," the dollar being originally a "thaler," coined in the valley of Saint Joachim, Bohemia, and known as a "Joachim thaler," and the monogram the initials of the words "Valley Saint Joachim."

The editor of the London *Whitehall Review*, a very able writer, in giving his opinion of "Reason No. 3," as given above, says: "The American symbol for dollar is taken from the Spanish dollar, and the origin of the sign, of course, must be looked for in associations of Spanish coins. On the reverse side of the Spanish dollar is a representation of the Pillars of Hercules, and around each pillar is a scroll with the inscription 'plus ultra.' This device in the course of time has degenerated into the sign which at present stands for American as well as Spanish dollars—'\$.' The scroll around the pillars represents the two serpents sent by Juno to destroy Hercules in his cradle."

POETS as a rule do not care much for degrees, except the degree of popularity they enjoy with the public. However, Edmund Clarence Stedman, of New York, the poet of the Yale class of 1853, has been made an LL.D. by that university. He is a stock broker and banker, and gained fame by writing a poem entitled "The Diamond Wedding." His beard is gray and always neatly trimmed. Rather slight in build, he is well known by all the literary people and by Wall street bankers and brokers. As an LL.D. he will be able to tell whether it is legal for great corporations to water stock, and will be able to quote law, should he forget to quote poetry.

THERE died at Findlay, O., recently the first man who ever applied for a charter for a National bank under the present National banking law of 1867. It was E. P. Jones, president of the First National Bank of that city. The morning of the day upon which the law went into effect he appeared before the Comptroller of the Currency at Washington, and presented his application at the same time, with the cash for his bonds. Previous to that time he had been the lessee of the only railroad entering Findlay, and had amassed a fortune. Upon the passage of the National banking act he hastened to Washington, traveling by water, horseback, stage and private conveyance, and when he finally appeared in the office of the Comptroller of the Currency he was told that no charters could be granted for some days, as the department was not ready to proceed to business under the act. As he was compelled to go to New York on business, he left Washington and returned later. In the meantime, however, others had applied and secured charters, which prevented Mr. Jones from holding the honor of obtaining the first. It was always a source of regret with him. Throughout the long trip he carried the currency with him in a wooden bucket, which he had ordered made and covered with leather to resemble a hat box.

LOOK OUT FOR COUNTERFEITS.—It pays everybody to be on the close watch for counterfeits, and no one who wishes to be saved the indignity of arrest can afford to overlook the notices printed from time to time in the newspapers giving warning of bad bills. No matter how innocent the recipient may be, arrest is not an improbability when attempt is made to pass the coin or note. This may seem rather unjust, and the consequent expense and annoyance of a hearing before a magistrate and United States Commissioner does not appear necessary. A conservative Government officer, however, urges that the arrests are necessary, as it has been found more than once that people who have passed counterfeits, and who had protested that they had possession of no other, have been identified when brought before secret service officers as those who have passed false coin elsewhere. Respectable people, of course, are not likely to be taken into custody, but they run decided risk of it.

"I AM making hay while the sun shines," was the remark of a young man whose daily employment gives him a good income, "and I find that it is better when the cold winter months come to have a snug little nest egg to draw from, rather than the charitable organizations which are so ready to investigate, and help if they can. In years past I used to 'blow in' what I earned, and seldom if ever had a dollar when the bills of the week were paid, and the next pay day came around. I used to earn from \$15 to \$23 per week, and it would seem as if I might save some of it. Now all is different. I learned a good experience from the hard times of winter,

and I will not go broke again, if I have my health. To be sure, there are a few of the luxuries I used to enjoy, which I now have to get along without, but one will soon learn to economize, and in talking with some of the young fellows in my room, I find that they too are placing a little amount each week in the bank, and they will be able to go through the winter months with a degree of ease which their limited means denied them last year." This case is simply an example, and the lesson of last season was too well learned to need any comment. Then there are cases of where young married couples find employment in the factories, and in some instances they would be unable to save any money over what was paid for their living and clothes. Now all is different, and there is a spirit of economy which augurs disaster to the local dealers in the luxuries of life, for the wage earners are fast becoming little capitalists, unless the figures at the different banks tell an untruth.

EASTERN STATES.

PORTLAND, ME.—The new rooms of the Portland National Bank, in the Union Mutual building, have been opened. The rooms are the finest of the kind in the city and are made to correspond in appearance with the Union Trust Company's offices. The floors are marble mosaic, the lower part of the counters is of solid white marble, the writing shelf is of colored marble and the entire woodwork is solid polished oak. The desks for the tellers, bookkeeper and other clerks are fitted up with all the latest conveniences, such as speaking tubes, electric bells and note carriers. Adjoining the main room is the directors' room, finished to correspond with the rest. There is a fine vault for the books, but the cash and securities will be kept in the vaults of the Union Trust Company. There is an entrance to the bank on Exchange street and another from Congress street through the wide corridor between the banking rooms and safe deposit vaults.—*Portland Argus*.

MASSACHUSETTS.—The fifty-five safe deposit, loan and trust companies in this commonwealth, report assets of nearly \$93,000,000. On the whole, these companies have scored a pronounced success since the introduction of the system into Massachusetts. They have largely made a field for themselves; and contrary to the general predictions of some of the people who opposed the incorporation of the earlier bodies, this has been done without pulling down other interests. As the movement has expanded, and company after company has been added to the list, sharp hostility has developed at divers times and places, especially in savings banks circles. In a material degree, however, the trust companies have catered to elements that are not prone to seek permanent relations with savings banks. Hence, while the companies have confounded the opposition, they have at the same time vindicated the good judgment of those who pleaded for a trial of the principle. Within recent years, attempts have been made to commit the legislature to amendments designed to prohibit the payment of interest on deposits below a given sum, where at present no limitation is maintained. As repeatedly, however, provisions of this kind, along with other amendments calculated to hamper operations, have failed to command that measure of support necessary for their enactment into law. And it is reasonable to believe that until better and sounder reasons are advanced for the adoption of these propositions, like failures must await similar attempts in time to come.

WORCESTER, MASS.—On some day between July 5 and July 8, 1854, Mr. Henry Woodward became the treasurer of the Mechanics' Savings Bank, and has held the position without a break ever since, or for a continuous period of forty years. As treasurer of the Mechanics', Mr. Woodward has seen a longer continuous service than any other savings bank official in Worcester, and there are only two or three National bank officers in the city, who have had a longer service. Mr. Woodward does not know the exact day of July, 1854, that he assumed the duties of treasurer of the bank, but it was, as said, between the 5th and 8th. The report of the condition of the Mechanics' Savings Bank on July 8, 1854, bears his signature as treasurer. The report gives the depositors' accounts as \$293,155.54. The profit and loss was stated at \$5,832.43, and the interest account at \$301.52. The entire securities of the bank were \$299,289.49, divided as follows:

Bank stock.....	\$ 22,450.00
Loans on personal security.....	105,620.88
Loans on mortgage.....	94,100.00
Loans on bank stock.....	40,330.00
Loans to cities and towns.....	3,000.00
Cash in Mechanics' Bank.....	27,788.61

Total..... \$299,289.49

After the lapse of forty years, or, to be exact, on July 9, 1894, Mr. Woodward, as treasurer, reported that the depositors' accounts with the bank were \$5,151,353.07, or, an increase of \$4,858,197.53. In this growth of the bank's business is reflected the city's own growth and the expansion of its material life. In this later report, in addition to the amount of the depositors' accounts, the guaranty fund is placed at \$162,155.26; the profit and loss at \$128,119.14; interest undivided, \$52,259.74, and real estate loan, \$2,630. The bank's investments follow :

Railroad bonds.....	\$ 470,000.00
City and town bonds.....	208,000.00
Bank stock.....	608,163.19
Loans on personal security.....	782,721.19
Loans on real estate.....	2,999,706.74
Loans on bank stock.....	250.00
Expenses, etc.....	61.20
Cash.....	377,614.89

Total..... \$5,446,517.21

A comparison of the latter report with the earlier, will show a wonderful growth of business, and all this too, in the official life of one of its officers.

NEWARK, N. J.—The officers and directors of the National Newark Banking Company, which institution is ninety years old, have issued a statement of the company's condition, showing loans, \$1,616,623; United States bonds, \$200,000; other bonds, \$291,906; cash, \$711,572; real estate, \$68,224; total, \$2,888,325. The capital is stated to be \$500,000; accumulated profits, \$401,945; circulation, \$180,000; deposits, individual, \$1,260,433; banks, \$545,947.

NEW YORK CITY.—At the convention of the American Bankers' Association, to be held at Baltimore, October 10th and 11th, 1894, a proposition will be made to have the place selected for holding the next annual convention by the convention itself, instead of leaving the selection, as heretofore, to the Executive Council.

FONDA, N. Y.—The oldest bank president in the United States is Daniel Spraker, who is now in his ninety-seventh year. He is president of the Mohawk River National Bank of Fonda. Mr. Spraker is one of the most interesting personages in the State. He is prominent because of his advanced age, and because he is the head of the Spraker family, which for over a century has been conspicuous in the Mohawk Valley on account of its wealth, enterprise and social and political influence. George Spraker, the earliest ancestor of the family in America, was a native of Saxony, and settled at Palatine Bridge, New York, about the year 1775. Daniel Spraker was one of six sons of Jost Spraker, all of whom were reared at the old homestead, on the Mohawk turnpike, at Sprakers, New York, and is now the only survivor. He was born on August 26, 1798. The paternal homestead is well known, not only in the State but beyond the limits. Before the time of railroads, travelers through the Mohawk Valley were entertained there. It was also a point at which relay horses for stage coaches were supplied. At the age of twenty-one years, Daniel Spraker began business for himself at Spraker's Basin. He was engaged in the mercantile, storage and forwarding business on the Erie Canal, and was the leading merchant of the Mohawk Valley. In 1853, the Spraker Brothers established the Spraker Bank at Canajoharie, and in 1856, the Mohawk River Bank at Fonda, which is now a National bank. Mr. Daniel Spraker moved to Fonda and became its president, which place he still fills. Notwithstanding his advanced age he is a daily visitor at the banking house, and consults its officials concerning the business of the institution. The aged bank president is tall, and for one of his years quite erect. He retains his faculties to an unusual degree. He writes a well-rounded signature. His hearing, however, is considerably impaired. He is the oldest person who ever signed a deed for real estate in

Montgomery County, and is the oldest bank president in the United States. As manager of the Mohawk River National Bank, Mr. Spraker has shown financial ability, sagacity and prudence. He has been one of the directors of the Spraker Bank at Canajoharie since its organization. He has a fortune of about \$300,000, all of which he has made himself. He is strictly temperate in his habits and does not use tobacco. He is courteous in manners, kind and social in disposition, and possesses the confidence and respect of all who know him. He is an attendant of the Reformed Church.

TROY, N. Y.—The Hon. Thomas Coleman, of Troy, whose death in that city occurred on the 6th of September, was aged eighty-six years, sixty-seven of which he spent in Troy, where he was prominent as citizen and banker, and in social life. He had a large success in business affairs. He was the originator of the American Bankers' Association of the United States. He was an active Republican from the party's organization, and besides holding local offices of trust and responsibility. Mr. Coleman was a Member of Assembly and State Senator. In both branches of the Legislature he was Chairman of the Committees on Banks. While in the Assembly Mr. Coleman framed the law relative to the Onondaga salt springs, which still remains on the statute book. He was foremost and active in nearly all matters concerning the city of Troy, during all his long residence there, and no citizen was more respected. He and Hon. E. B. Judson of this city, were close friends, and were active in the promotion of the National banking system. Both of these financiers were among those summoned to Washington by Secretary Chase in 1862, and they co-operated in the organization of that banking system and in matters that tended to maintain the National finances in the war time.

FREDONIA, N. Y.—DEATH OF CHAUNCEY ABBEY.—Died at his home in Fredonia, on Tuesday September 11, 1894, Mr. Chauncey Abbey, president of the Fredonia National Bank, in his 80th year. He was born in Cortland County, this State, and moved with his parents to Arkwright in 1821. He commenced his business career early in life, and it can truthfully be said that no man in Northern Chautauqua ever had a larger or more successful business career. He was for several terms Supervisor of Arkwright, ably representing that town in our county Legislature. About twelve years ago he removed to Fredonia, where he secured a high place in the confidence and respect of her citizens. He was one of the original organizers of the old Fredonia Bank, a director during its whole existence, and for the last thirteen years has been the efficient president of the Fredonia National Bank. He was a man of strong will, indomitable energy and independent judgment. His loss will be felt, not only by the young, but by the survivors of the two generations in which he was conspicuous.—*Dunkirk Herald*.

PENNSYLVANIA.—The Attorney-General of the State, for the purpose of settling the law as to the rights of Banking Superintendent Krumbharr to compel trust companies to render and file an account of the moneys held by them as trust estates, has brought proceedings in the Common Pleas Court against the Pennsylvania, Guarantee, Fidelity, Girard and Philadelphia Trust Companies to give such account to the Superintendent. The act of June, 1891, which created the office of the Superintendent of Banking, gives such official large powers over State monetary institutions, and the proceedings in question are instituted for the purpose of ascertaining whether under this act trust companies should render to the Superintendent of Banking accounts at certain intervals of the condition of the various trust estates in their charge. It is understood that the companies in question, as well as the Superintendent, are anxious that the question be speedily settled.

PITTSBURGH, PA.—The Bank of Pittsburgh will begin work on a new bank building in a few weeks. The new building will be one of the handsomest and costliest in the State and will extend from Third avenue to Fourth avenue and on the site of the present structure. The plans and specifications for the new building have not yet been adopted, but a number of proposals have been received, based upon drawings of the front elevation and interior, which were furnished by the officials of the bank, who have decided what they want. The drawings are similar, but there is a great difference as to cost and kind of material to be used. The new building will front on Fourth avenue. It will be similar in appearance to the present structure. The banking room will be in the center of the first floor

and to the left of it will be a corridor leading to the rooms of the clearing house on the second floor. On the right a corridor will lead to the rear of the building.

PROVIDENCE, R. I.—Amos C. Barstow, an ex-Mayor of Providence and a prominent manufacturer and banker, died on the 5th of September. He was born in this city on April 30, 1813, and since 1836, had been actively engaged in the manufacture of stoves and furnaces, being the head of the Barstow Stove Company. Mr. Barstow was connected with many banking institutions. Through his efforts and by the use of his money, the Mechanics' National Bank was instituted. Since 1846, he had been president of the City National Bank. He was elected to the General Assembly in 1851, and in the fall of that year he was made chairman of the committee which received petitions for the Maine Law. He took a prominent part in the agitation for that law, and when it was passed he was elected Mayor on the issue of its enforcement. He was frequently elected to the Legislature, and in 1870 was speaker of the House. He was for many years chairman of the Federal Board of Indian Commissioners, having been appointed by President Grant in 1875.

PROVIDENCE, R. I.—The Industrial Trust Company's building is the most pretentious structure in Providence, R. I. The building is a nine-story structure. The main room of the Industrial Trust Company's offices, on the ground floor, is entered through the Westminster street hallway. The apartment is finished in Mexican onyx, mahogany and brass. The floor is of white Italian marble. One of the most noticeable features of the rooms is the onyx mantelpieces and fire-places. Experts say that in variety and wealth of color, the onyx used in decoration is of the finest quality that can be found. The massive vault of the Rhode Island Safe Deposit Company is considered one of the finest specimens of its kind in the country. The vault is fire and burglar proof, and is protected by double doors and double time locks. It has for a foundation twenty-five feet of solid masonry. The vaults contain 1,200 boxes, which vary in rental from \$10 to \$200 a year. The doors are constructed in a fashion that makes it impossible for any dynamite or other high explosive to be placed within the crevices. A lining of four inches of chrome steel, which cannot be drilled through, affords ample protection against burglars. The safe deposit company's place of business is amply provided with everything for the convenience of patrons. The ladies' room has been made an especial feature. This apartment is in the Marie Antoinette style, and is finished in gold and white. The floor is of oak and mahogany. In addition to the main entrances there is one from Exchange street which leads to the rooms of the deposit company, and two others which lead to the trust company's offices. It is intended to sublet the greater part of the building for banking, store and other purposes. One hundred and forty offices have already been rented. There were only one hundred and forty-one to rent in the first place. On the second, third and fourth floors the offices all extend toward Exchange street. Above the fourth story the floors are divided centrally by the main corridors, with offices opening from either side. In constructing the building, the architects had in view the possibility of fire, and as a result the structure is as nearly fire-proof as it is possible to make a building.

WESTERN STATES.

OSWEGO, KANSAS.—The Labette County Bank, organized under the laws of Kansas, has succeeded to the business of the First National Bank of Oswego. The new institution has acquired all the assets of the other bank, although its capital is only half that of the former institution, namely, \$30,000 instead of \$60,000. The new bank will be entitled to all the credit of the old, and a much greater one than its capital indicates on its face. All the deposits or business have been retained by the change, and there is every reason to believe that the new institution will be prosperous.

BAY CITY, MICH.—The Michigan Bankers' Association at their convention elected officers for the ensuing year as follows: President, S. M. Cutcheon, Detroit; first vice-president, L. H. Withey, Grand Rapids; second vice-president, W. H. Withington, Jackson; secretary, Frederick Bates, Detroit; treasurer, W. T. Degraff, Detroit; Members of the Executive Committee, one year, W. H. Anderson, Grand Rapids; Wellington R. Burt, Saginaw; C. C.

Whitney, Bay City; W. J. Gregory, Manistee; Elwood T. Hance, Detroit; C. J. Monroe, South Haven; for two years, R. P. Kingman, Battle Creek; J. T. Shaw, Detroit; L. M. Wing, Coldwater; C. D. Stewart, Owosso; Lucius Lilly, Tecumseh; C. S. Brown, Flint; William Condon, Hancock.

ST. LOUIS.—On the 11th of September Mayor Walbridge opened bids from the city banks for the safe keeping of the funds of the city of St. Louis for one year from October 1. The bids were as follows: American Exchange Bank, \$3.55; Laclede National Bank, \$3.05; Commercial Bank, \$2.80; Chemical National Bank, \$2.66 2-3; National Bank of Commerce, \$2; Merchants', \$1.50; Mechanics' Bank, \$1.05. The bids were for interest rate on daily deposits. The lettings will be in blocks of \$500,000 each. The bidder offering the highest rate will be given the first block of \$500,000; the next highest bidder the second block, and proceeding in like manner until six blocks are let. The deposits will be drawn from the depository giving the lowest rate of interest first, and so on in their respective order, so that the deposits will remain longest undisturbed in the depository giving the highest rate of interest. It will be seen that the American Exchange Bank was the highest bidder and will consequently get the first block of \$500,000.

OHIO.—The Ohio Bankers' Association has adopted a memorial to the Legislature asking that body to abolish the law permitting three "days of grace" on notes and drafts.

SOUTHERN STATES.

VIRGINIA.—The Virginia Bankers' Association has elected the following officers for the ensuing year: President, H. S. Trout, Roanoke; vice-president, Charles M. Blackford, Lynchburg; J. H. Schoolfield, Danville; Robert W. Burke, Staunton; H. C. Hardy, Petersburg; W. H. Lambert, Alexandria; G. K. Anderson, Clifton Forge; W. J. Johnson, Richmond; C. M. Braxton, Newport News; Caldwell Hardy, Norfolk; secretary and treasurer, S. G. Wallace, Richmond. Executive committee for next year, W. H. Palmer, Richmond; H. M. Darnall, Roanoke; H. D. Fuller, Winchester; B. W. Leigh, Norfolk; J. B. Pace, Richmond; C. D. Fishburne, Charlottesville; W. H. Jones, Jr., Suffolk; T. F. Stearnes, Lynchburg; Henry Easley, South Boston. Finance committee—William M. Hill, Richmond; J. T. Engleby, Roanoke, and W. F. Nicholson, Pulaski City. Banking and jurisprudence—George L. Christian, Richmond; J. S. Ellett, Richmond; Alex. Hamilton, Petersburg; A. L. Boulware, Richmond; A. A. Phlegar, Christiansburgh; T. T. Fishburne, Roanoke; H. L. Schmelz, Hampton; J. A. Taylor, Fredericksburg.

PACIFIC STATES.

SAN FRANCISCO.—On the death roll of September is the name of Emil Sutro. He was born at Aix-la-Chapelle, Germany, sixty-two years ago, and when seventeen years old came to the United States in company with his brothers, Charles, Gustav and Albert, and their cousin, Adolph Sutro. After a brief sojourn in the East, they all came to California, arriving here in the early '50s. Emil and Gustav went to Victoria, B. C., where they engaged in the general merchandise business up to about 1870, when they returned to San Francisco, and in company with their brother Charles founded the private banking and brokerage firm of Sutro & Co., which is the oldest in San Francisco. Mr. Sutro leaves a widow and four children, Gustav, Alfred, Oscar and Anna. He was a good citizen, and his loss is deeply deplored by all who knew him.

FOREIGN.

LONDON.—The Governors of the Bank of England, at their half-yearly meeting, declared a dividend of four per cent. The reason for this reduction in profits is said to be the unprecedented increase in the reserve and the low value of money. Since February 28, the net result of the Baring liquidation has been a reduction of £1,075,000, making the liability £2,481,985, and the debt due the bank £2,409,000. The outlook for further progress in the liquidation is so favorable that it is believed that no loss will fall upon the guarantors.

BANK OF ENGLAND.—Bank notes of the value of thousands of pounds are annually lost or destroyed by accident. In the forty years between 1792 and 1832, there were outstanding notes of the Bank of England, presumed to have been either lost or destroyed, amounting to £1,330,000 odd, every shilling of which was

clear profit to the bank. In many instances, however, it is possible to recover the amount of the note from the bank in full. Notice has to be given to the bank of the note supposed to be lost or stolen, together with a small fee and a full narrative as to how the loss occurred. The note is then "stopped"—that is, if the document should be presented for payment, the person "stopping" the note is informed when and to whom it is paid. If presented (after having been "stopped") by any suspicious looking person (and not through a banker), one of the detectives always in attendance at the bank would be called to question the person as to how and when the note came into his or her possession. It is quite a mistaken idea that "stopped payment" of a bank note has the effect supposed by very many people. It simply means that the Bank of England carefully keeps a lookout for the note which has been "stopped," and though it cannot refuse to pay such note immediately upon its being presented, a notification would at once be made to the person who stopped it, and the bank would give all the assistance in its power to enable the loser to recover the amount. In the case of a bank note having been, say, burnt by mistake, if the number is known and notice sent to the Bank of England it will pay the amount, after an interval of five years from the date of lodging notice of destruction, should no one have presented the note for payment in the meantime. The bank in such cases also insists on a guarantee being given by a banker or two householders that it shall be repaid in the event of the document turning up and being again tendered for payment. It is not at all an unusual circumstance for a mutilated note to be presented for payment, burnt, perhaps, half through, with marks of burning on the fringes. Nor is the damage always accidental. The men who indulge in the luxury of lighting their pipes with a bank note are not always, as some may think, millionaires or recognized lunatics of society. The spoilt notes are more often than not presented by workmen or laborers, who confess, without hesitation, that they have intentionally lighted their pipes with them from mere braggadocio.

Sterling exchange has ranged during September at from 4.85½ @ 4.87½ for sight, and 4.84½ @ 4.86½ for 60 days. Paris—Bankers', 5.18½, 1-16 @ 5.16½, 1-16 for sight, and 5.19½ @ 5.18½, 1-16 for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.85½ @ 4.86; bankers' sterling, sight, 4.86½ @ 4.87. Cable transfers, 4.86½ @ 4.88. Paris—bankers', 60 days, 5.19½ @ 5.18½; sight, 5.17½ @ 5.16½, 1-16. Antwerp—Commercial, 60 days, 5.20½ @ 5.20. Berlin—Bankers', 60 days, 95 3-16 @ 95½; sight, 95 9-16 @ 95½. Amsterdam—Bankers', 60 days, 40½ @ 40 3-16; sight, 40½ @ 40 5-16.

The reports of the New York Clearing-house returns compare as follows:

1894.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Sept. 8..	\$491,701,400	\$90,708,900	\$117,170,400	\$583,780,100	\$9,867,700	\$61,934,875
" 15..	495,087,100	91,288,300	115,724,600	586,634,400	10,070,800	59,953,700
" 22..	457,919,400	91,862,400	115,094,700	587,928,100	10,440,500	59,974,675
" 29..	497,561,000	92,010,500	115,439,700	586,633,500	10,803,800	60,791,825

The Boston bank statement is as follows:

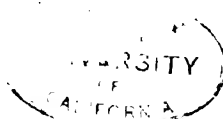
1894.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Sept. 1.....	\$174,715,000	\$11,097,000	\$7,206,000	\$164,745,000	\$7,131,000
" 8.....	174,002,000	10,778,000	6,606,000	163,856,000	7,120,000
" 15.....	173,010,000	10,998,000	7,083,000	165,352,000	7,128,000
" 22.....	171,306,000	10,957,000	7,644,000	165,974,000	6,989,000
" 29.....	178,159,000	10,969,000	7,788,000	164,917,000	7,016,000

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1894.	Loans.	Reserves.	Deposits.	Circulation.
Sept. 8.....	\$110,632,000	\$36,120,000	\$117,345,000	\$5,205,000
" 15.....	111,511,000	35,123,000	117,512,000	5,871,000
" 22.....	112,400,000	34,226,000	117,347,000	5,312,000
" 29.....	112,491,000	33,332,000	116,901,000	5,245,000

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money in New York have been as follows:

QUOTATIONS:	September 1.	September 11.	September 17.	September 24.
Discounts.....	3½ @ 4	4½ @ 5½	4½ @ 5½	4 @ 5
Call Loans.....	1	1	1	1 @ 1½
Treas. balances, coin..	\$75,347,364	\$75,464,301	\$75,822,357	\$75,631,111
Do. do. currency..	64,943,466	65,094,602	63,414,830	61,655,185



NEW BANKS, BANKERS AND SAVINGS BANKS.

(Monthly List, continued from September No., page 235.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ALA....	Camden.....	Camden Bank.....	Fourth National Bank.
	\$15,000	Peter M. Horn, P.	Smith J. Walling, Jr., Cas.
"	.. Greenville.....	Exchange Bank.....	.....
		E. P. Flowers, P.	B. Steiner, Cas.
		W. H. Flowers, Jr., V. P.	.....
DAK. S.	Bridgewater....	State Bank of Bridgewater.	.....
	\$12,500	Edwin N. Smith, P.	Thomas J. Shanard, Cas.
		Edward L. Abel, V. P.	.....
GA....	Macon	Dime Savings Bank.....	Mercantile National Bank.
	\$45,000	Edgar Y. Mallary, P.	James J. Cobb, Cas.
"	.. Newnan.....	Newnan Banking Co.....	Fourth National Bank.
	\$55,000	B. T. Thompson, P.	P. B. Murphey, Cas.
		M. F. Cole, V. P.	.....
ILL....	Creal Springs..	Citizens Bank.....	.....
	\$5,000	Albert A. Dugger, P.	Joseph S. McRaven, Cas.
		William Brown, V. P.	.....
"	.. La Salle.....	La Salle State Bank.....	Hanover National Bank.
	\$50,000	John Stuart, P.	N. W. Duncan, Cas.
		Vincent I. Duncan, V. P.	Jno. E. Tracy, Asst.
IND....	Marengo.....	Citizens Branch Bank.....	.....
	\$10,000	John H. Weathers, P.	Richard H. Willett, Cas.
		H. Martin, Asst.	.....
"	.. New Richmond.	New Richmond Bank.. ...	.....
	\$10,000	L. F. Prichard, Cas.	.....
IND. T.	Chickasha.....	Bank of Chickasha.....	Hanover National Bank.
	\$10,000	Jacob C. Bohart, P.	James A. Bohart, Cas.
IOWA...	Cedar Rapids..	Bohemian-Amer. Sav. Bk..	Chase National Bank.
	\$60,000	W. F. Severa, P.	J. W. Bowdish, Cas.
		H. B. Soutter, V. P.	V. A. Jung, Asst.
KAN....	Dentonville....	Bank of Denton.....	Chemical National Bank.
	\$6,000	Geo. Denton, P.	S. O. Harpster, Cas.
		J. F. Harpster, V. P.	.....
"	.. Oswego.....	Labette Co. Bank.....	National Park Bank.
	\$30,000	Robt. O. Deming, P.	James M. Berry, Cas.
		J. B. Montgomery, V. P.	.....
"	.. Richmond.....	Critzer Bank.....	Importers & Traders Nat. Bank.
	\$5,000	Wilson Critzer, P.	B. C. McQuesten, Jr., Cas.
KY....	Jonesville.....	Jonesville Deposit Bank...	.....
	\$22,500	Jacob Maddox, P.	G. T. Smith, Cas.
		T. V. Toon, V. P.	.....
"	.. Middlesborough	Manufacturers Bank.....	United States National Bank.
	\$15,000	G. D. Jackson, P.	Walter H. Bishop, Cas.
		A. P. Utter, V. P.	M. E. Bishop, Asst.
LA.....	Abbeville.....	Bank of Abbeville.....	National Park Bank.
	\$1,500	Eli Wise, P.	L. O. Broussard, Cas.
		L. Broussard, V. P.	.....
MD....	Baltimore.....	Guardian Sec. Trust & Dep. Co.	.....
	\$100,000	Edward Stabler, Jr., P.	Wm. M. Byrn, Sec. & Tr.
		Dan'l Miller, 1st V. P.	J. K. Taylor, 2d V. P.
MICH...	Athens.....	Farmers & Merch. Bank...	Hanover National Bank.
		(N. L. Rowe & Co.)	.....
MINN...	Worthington..	Farmers & Citizens Bank.	.....
		Thomas Bardon, P.	Geo. J. Day, Cas.
MO....	Pattonsburgh..	Daviess Co. Bank.....	.....
	\$15,000	David M. Slaughter, V. P.	August T. Gantz, Cas.
"	.. Rhineland.....	Bank of Rhineland .....	.....
		Hugo Moning, P.	John J. Merilt, Cas.
		Adolph Heying, V. P.	.....
"	.. St. Louis.....	W. C. Lindsey & Sons....	.....
	\$500	Watson C. Lindsey, Sr., P.	Robt. T. Lindsey, Cas.
		Louis H. Lindsey, V. P.	.....

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
MO.....	Trenton.....	Farmers & Merchants Bank \$38,000 Chas. P. Brandon, <i>P.</i> Geo. Wolz, <i>V. P.</i>	W. P. Fulkerson, <i>Cas.</i>
MONT..	Neihart.....	State Bank of Neihart..... \$25,000 Gold T. Curtis, <i>P.</i> Chas. D. Ladd, <i>V. P.</i>	Chase National Bank. Harry J. Skinner, <i>Cas.</i>
PA.....	Greensburg...	Westmoreland Nat. Bank.. \$100,000 Lucien Clawson, <i>P.</i>	John S. Sill, <i>Cas.</i>
"	Lebanon.....	Farmers National Bank.. \$100,000 John B. Rauch, <i>P.</i>	Harry P. Moyer, <i>Cas.</i>
"	New Bethlehem	First National Bank..... \$50,000 C. E. Andrews, <i>P.</i> M. Arnold, <i>V. P.</i>	R. F. Foster, <i>Cas.</i> R. F. Mateer, <i>Asst.</i>
S. C....	Blacksburg....	Barham, Freeman & Co... \$20,000 John A. Barham, <i>P.</i>	Chase National Bank. M. M. Freeman, <i>Cas.</i>
TEXAS..	Hearne.....	First National Bank..... \$50,000 H. R. Hearne, <i>P.</i>	W. P. Ferguson, <i>Cas.</i>
"	San Antonio...	South Western Sav. & Loan Soc.	Kountze Bros.
WIS....	Manitowoc....	Nat. Bank of Manitowoc.. \$100,000 L. D. Moses, <i>P.</i> Leander Choate, <i>V. P.</i>	Clarence Hill, <i>Cas.</i>
"	Osceola Mills...	Band of Osceola..... (Chas. H. Oakey & Co.)	National Park Bank. Harry C. Harding, <i>Cas.</i>
MAN'BA.	Virden.....	Morrison & Co.....	

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from September No., page 237.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
ALA....	Anniston Nat. Bank, Anniston.	M. B. Welborn, <i>V. P.</i>	John M. McKleroy.
"	First National Bank, Gadsden.	W. H. Simmons, <i>P.</i> A. L. Glenn, <i>V. P.</i>	A. L. Glenn.
ARK....	Cross Co. Bank, Wynne.....	J. R. Perkins, <i>Cas.</i>	Eli S. Bray.
CAL....	Columbia Savings Bank, Los Angeles.	A. M. Ozmun, <i>P.</i> Robert Hale, <i>V. P.</i>	T. D. Stenson.
COL....	First Nat. Bank, Ouray.....	J. B. Bartlett, <i>Cas.</i>	Elisha B. Knox.
"	Rico State Bank, Rico.	L. D. Smith, <i>P.</i> T. F. Neely, <i>Cas.</i>	L. D. Swickhimer. W. W. Parshall.
CONN...	Fairfield Co. Savings Bank, Norwalk.	Asa B. Woodward, <i>P.</i> James G. Gregory, <i>V. P.</i>	Winfield S. Moody.* Martin S. Crow.*
DAK.N..	State Bank of Sheldon.....	Jas. K. Banks, <i>Cas.</i>	Albert O. Runice.
DAK. S.	First State Bank, Elkton.....	A. L. Sloss, <i>Cas.</i>	Grant Mathews.
"	Bank of Woonsocket.....	C. H. Miner, <i>P.</i>	Edw. L. Baker.*
D. C...	Citizens National Bank, Washington.	E. S. Johnson, <i>P.</i>	E. Kurtz Johnson.*
FLA....	Simmons, Carlton & Co., Arcadia.	Ferd Lutjens, <i>Act'g Cas.</i>	Wm. H. Simmons.
"	Osceola Co. State Bank, Kissimmee.	Jno. M. Lee, <i>P.</i>	
GA....	National Bank of Augusta.....	Frank G. Ford, <i>Cas.</i>	J. T. Newbury.
"	Buena Vista Loan & Sav. Bk., Buena Vista.	C. Horace McCall, <i>P.</i> James M. Lowe, <i>V. P.</i>	James M. Lowe.
"	Bank of Thompson.....	John E. Smith, <i>P.</i>	Wm. S. Witham.
ILL....	Home Nat. Bank, Chicago.....	Wm. McDougall, <i>Act'g Cas.</i>	H. H. Blake.
"	Workingmen's Banking Co., East St. Louis.	Bernhard Yoch, <i>P.</i>	R. J. Whitney.
"	Farmers Bank, Emden.....	Jas. McCormick, Sr., <i>P.</i>	E. S. Hobart.
IND....	Second National Bank, Vincennes.	Geo. Fendrick, <i>P.</i> W. J. Freeman, <i>Asst.</i>	Allen Tindolph.*
IOWA...	Delaware Co. State Bank, Manchester.	Chas. J. Seeds, <i>Cas.</i>	W. H. Seeds.*
"	Postville State Bank, Postville.	J. B. Hart, <i>P.</i> A. Staadt, <i>V. P.</i>	W. C. McNeill.
KAN....	Central Nat. Bank, Ellsworth	G. T. Tremble, <i>Cas.</i>	J. B. Handy.
"	Merch. Loan & Sav. Bank, Lawrence.	Jas. Marvin, <i>P.</i>	M. Newmark.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
KAN.	Salina Valley Bank, Lincoln.	G. M. Weeks, <i>P.</i>	J. W. Walker.
"	First Nat. Bank, Osborne.	Grover Walker, <i>Cas.</i>	Allen Clark.
"	Valley Falls Bank of Deposit, Valley Falls.	L. G. Goodrich, <i>Cas.</i>	M. V. Ward.
"	Citizens Bank, Wichita.	A. Faulkner, <i>Cas.</i>	J. C. Derst.
KY.	Lawrenceburg B., Lawrenceburg.	C. E. Bond, <i>P.</i>	Wm. F. Bond.
"	Mount Sterling Nat. Bank, Mt. Sterling.	John G. Winn, <i>P.</i>	Lewis Apperson.
"		Pierce Winn, <i>Asst.</i>	
MASS.	Boylston Nat. Bank, Boston.	Charles Torrey, <i>P.</i>	Joseph T. Bailey.*
"	Franklin Nat. Bank, Franklin.	Joseph G. Ray, <i>P.</i>	Jas. P. Ray.*
MICH.	Lowell State Bank, Lowell.	Francis King, <i>P.</i>	Andrew J. Bowne.
"		Chas. McCarty, <i>V. P.</i>	C. B. Ensign.
MINN.	Bank of North Branch.	C. L. Dobner, <i>Cas.</i>	A. J. Anderson, <i>Act'g.</i>
MO.	Peoples Exch. Bank, Browning.	Samuel L. Gibson, <i>Cas.</i>	Wm. P. Taylor.
"	National Bank of Kansas City.	C. A. Spaulding, <i>Asst.</i>	
"	Bank of Spickardville, Spickard.	P. W. Thompson, <i>V. P.</i>	E. A. Cook.
"		E. A. Cook, <i>Cas.</i>	J. W. Wilson.
"	Commercial Bank, Springfield.	Wm. D. Sheppard, <i>Cas.</i>	W. T. Bigbee
"	South Side Bank, St. Louis.	Chas. C. Reuss, <i>ad V. P.</i>	
"		Guido D'Oench, <i>Cas.</i>	Chas. C. Reuss.
MONT.	Helena Nat. Bank, Helena.	Geo. F. Cope, <i>Cas.</i>	Frank Baird.
NEB.	Citizens Bank, Humphrey.	F. H. Howey, <i>Cas.</i>	W. H. Illian.
"	German Bank, Millard.	A. B. Detweiler, <i>P.</i>	J. T. Dunning.
"		W. T. Detweiler, <i>Cas.</i>	A. B. Detweiler.
"	Bank of Ohioa.	D. P. Abbott, <i>P.</i>	A. F. Clemons.
"	Farmers B'k of Fillmore Co., Ohioa.	L. J. Dunn, <i>P.</i>	David P. Abbott.
"	Bank of Osmond.	F. S. Ranney, <i>P.</i>	W. A. Matteson.
"	Frenchman Valley B., Palisade.	C. E. Ashmore, <i>Cas.</i>	A. J. Vennum.
"	American Bank, Sidney.	J. J. McIntosh, <i>P.</i>	S. H. Burnham.
"		G. E. Taylor, <i>Cas.</i>	J. J. McIntosh.
N. H.	Laconia Nat. Bank, Laconia.	C. A. Busiel, <i>P.</i>	John C. Moulton.*
"	Portsmouth Savings Bank, Portsmouth.	John S. H. Frink, <i>P.</i>	Chas. E. Batchelder.*
N. J.	First Nat. Bank, Paterson.	Edw'd T. Bell, <i>P.</i>	John J. Brown.*
N. Y.	University Bank, Alfred.	Will H. Crandall, <i>P.</i>	E. S. Bliss.
"	Sprague Nat. Bank, Brooklyn.	David A. Boody, <i>V. P.</i>	Wm. Harkness.
"	Sing Sing Sav. Bk, Sing Sing.	Stephen M. Sherwood, <i>P.</i>	Jas. Williamson.*
"	National Bank of Troy, Troy.	Francis A. Fales, <i>P.</i>	Thos. Coleman.*
"		Daniel Klock, Jr., <i>V. P.</i>	Francis A. Fales.
N. C.	Piedmont Bank, Greensboro.	J. M. Walker, <i>P.</i>	J. M. Winstead.*
OHIO.	First Nat. Bank, Cleveland.	Jno. R. Geary, <i>Asst.</i>	Thos. West.
"	First National Bank, Hamilton.	S. D. Fitton, <i>Cas.</i>	John B. Cornell.*
"		Ernest G. Ruder, <i>Asst.</i>	S. D. Fitton.
"	Silver Banking Co., Wellsville.	F. W. Silver, <i>V. P.</i>	
"		T. R. Andrews, <i>Cas.</i>	F. W. Silver.
ORE.	Bank of British Col., Portland.	J. W. Curtis, <i>Act'g Mgr.</i>	George Good.
PA.	First Nat. Bank, Conshohocken.	W. D. Zimmerman, <i>Cas.</i>	Wm. McDermott.
"	Montgomery Ins. Trust & Safe Deposit Co., Norristown.	Clayton H. Alderfer, <i>Tr.</i>	Wm. D. Zimmerman.
"	First National Bank, Warren.	F. H. Rockwell, <i>P.</i>	L. D. Wetmore.
"		Isaac S. Alden, <i>V. P.</i>	J. P. Jefferson.
TEXAS.	First Nat. Bank, Farmersville.	Seymour Neathery, <i>Asst.</i>	
"	First Nat. Bank, Nacogdoches.	W. G. Ratcliff, <i>Cas.</i>	Geo. C. Ingraham.
"	Provident Nat. Bank, Waco.	A. L. Brown, <i>Cas.</i>	W. P. Ferguson.
"	First Nat. Bank, Waco.	Robt. F. Gribble, <i>Asst.</i>	A. L. Brown.
WASH.	Scandinavian-Amer. Bank, Seattle.	A. H. Soelberg, <i>Cas.</i>	
WIS.	Montfort State Bk, Montfort.	F. W. Stevens, <i>Cas.</i>	L. H. Stevens.
"	Bank of Omro.	P. A. Wheeler, <i>Cas.</i>	Frank T. Tucker.
"	Shell Lake Sav. Bk, Shell Lake.	Lewis Larsen, <i>Cas.</i>	C. J. Stevens.
"	Bayfield Co. Bank, Washburn.	D. M. Maxcy, <i>Cas.</i>	L. N. Clausen.
MAN'BA.	Molsons Bank, Winnipeg.	T. R. Phepoe, <i>Mgr.</i>	W. G. Nicholls.
NEW'F.	Union Bank, St. Johns.	Charles S. Pinsent, <i>Mgr.</i>	James Goldie.*
ONT.	Bank of British N. America, Brantford.	James Elmsly, <i>Mgr.</i>	Alex. Robertson.
"	Bank of Toronto, Brockville.	Thomas A. Bird, <i>Mgr.</i>	John Pringle.
"	Bank of Toronto, London.	John Pringle, <i>Mgr.</i>	Thos. F. How.
"	Western Bk, Penetanguishene.	J. B. Jennings, <i>Mgr.</i>	A. F. Spring.

* Deceased.

APPLICATIONS FOR NATIONAL BANKS.

The following *applications* for authority to organize *National Banks* have been filed with the Comptroller of the Currency during September, 1894.

VT. Bristol.....National Bank of Bristol, by Percival W. Clement, Rutland, Vt., and associates.

PROJECTED BANKING INSTITUTIONS.

CAL....Petaluma.....Wickersham Banking Co.; capital, \$200,000. Directors: J. G. Wickersham, H. H. Atwater, Daniel Brown, L. G. Nay, Anton Meyer, F. A. Wickersham.

- ..San Francisco..Bankers and Merchants Company; capital, \$10,000,000. Directors: Thomas A. Brown, E. T. Frasier, T. L. Lewis, J. J. Healey.

GA....Morgantown... Boon Crawford, Banker, started business.

- ..Savannah.....Mr. J. F. Lewis, of Valdosta, is making arrangements to establish a bank to be known as the Georgia National Bank. Capital, \$100,000.

IDAHO..Weiser.....Bank of Weiser; capital, \$25,000.

ILL....Belleflower....Savings and Loan Association of Belleflower; capital, \$1,000,000. Incorporators: J. E. Carson, W. Yarrington, W. W. Brandon, W. T. Ward.

- ..Easton.....Farmers & Merchants Bank. M. A. Farrell, President; W. L. Farrell, Cashier.
- ..Rock Falls....State Bank of Rock Falls. Incorporators: A. C. Stanly, Truman Culver, D. D. Stone, N. G. Vansant.

IOWA...Mingo.....Bank of Mingo; capital, \$4,000. F. R. Witmer, President; O. H. Witmer, Cashier.

KY....Guthrie.....Claude Mimms, of Keysburg, will be cashier of a new bank starting at Guthrie.

LA....Bayou Sara...Bank of Bayou Sara started.

ME....Vinal Haven...New bank to be opened.

MD....Baltimore.....New bank will be opened at Eutaw and Biddle Sts. Those interested in the new institution are: Jesse F. Ely, Jordan Stabler, Dr. Wm. Whitridge, Louis Yakel, Wm. L. Layfield, Jas. R. Wheeler.

MINN...Duluth.....Duluth Banking Co.; capital, \$100,000. Incorporators: E. P. Alexander, A. W. Speyers, F. B. Chew, Henry F. Green.

MO....Eldon.....R. S. Harvey, Banker.

- ..Jericho.....P. Lloyd Banking Co.; capital, \$20,000. Incorporators: P. L. Lloyd, J. B. Carrico, Jr., C. W. Sheppard, C. E. Whitsett.

- ..Rolla.....New bank opened with \$27,000 capital.

NEB....Ruskin.....Bank of Ruskin. I. A. Wright, Cashier.

N. Y....Brooklyn.....Schmerhorn Bank. Henry N. Whitney, President. Directors: Chauncey M. Depew, John R. Van Wormer, Horace D. Du Val, Eugene T. Blackford, Henry N. Whitney and others.

- ..Lancaster.....Bank of Lancaster.

- ..Niagara Falls..New bank will be started soon. Those interested are Frank A. Dudley and George G. Shepard.

OHIO...ClevelandFrank Spangler, Miller & Co., Bankers.

- ..Cleveland.....Cleveland Trust Co.; capital, \$500,000. Incorporators: C. S. Bissell, M. S. Greenough, H. A. Sherwin, A. B. McNairy, J. D. Cox, Jr.

OHIO...Gibsonburg....Bank of Gibsonburg organized.
 PA....Mount Carmel..Mount Carmel Banking Co. Promoters: H. S. Robins, F. G. Clemens, D. J. Lewis.
 TENN...Chattanooga...New bank will be started with \$50,000 capital.
 " ..Memphis.....Bank of Shelby; capital, \$100,000. Jos. J. Williams, President; E. B. Lacy, Cashier.
 TEXAS..Howe.....A private bank has been organized by Van Alstyne parties: capital, \$25,000.
 VT....Essex Junction..Chittenden County Savings Bank.
 WIS....Milwaukee.....Mutual Guarantee Loan Co.; capital, \$500. Incorporators: J. R. Freuler, Fred Freuler, G. W. Bishop.
 QUE....L'Assomption...La Banque de St. Hyacinthe. M. N. Jarry, Manager.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from September No., page 238.)

No.	Name and Place.	President.	Cashier.	Capital.
4974	Westmoreland National Bank.. Greensburgh, Pa.	Lucien Clawson,	John S. Sill,	\$100,000
4975	National Bank of Manitowoc.. Manitowoc, Wis.	L. D. Moses,	Clarence Hill,	100,000
4976	First National Bank..... Hearne, Tex.	H. R. Hearne,	W. P. Ferguson,	50,000
4977	City National Bank..... Niles, Ohio.	F. C. Robbins,	Wm. Herbert,	60,000
4978	First National Bank..... New Bethlehem, Pa.	C. E. Andrews,	J. R. Foster,	50,000
4979	Farmers National Bank..... Lebanon, Pa.	John B. Rauch,	Harry P. Moyer,	100,000

CHANGES, DISSOLUTIONS, ETC.

(Continued from September No., page 239.)

ALA....Bessemer.....First National Bank has gone into voluntary liquidation.
 " ..Tuscaloosa....Farmers Savings Bank has sold out to Merchants National Bank.
 ARIZ...Phoenix.....Home Savings Bank liquidating.
 CAL....Petaluma.....First National Bank has expired by limitation.
 " ..San Francisco..California Savings & Loan Society reported liquidating.
 COL....Lafayette.....Bank of Lafayette reported closed.
 " ..Pueblo.....Chas. H. Stickney & Co. succeeded by Chas. H. Stickney.
 DAK. N.Towner.....First Bank of Towner reported closed.
 DAK. S.Bridgewater...Bank of Bridgewater succeeded by State Bank.
 " ..Columbia.....Loomis & Corry succeeded by Peoples Bank, private, C. E. Corry, proprietor.
 " ..Gettysburg....Gettysburg State Bank reported discontinued.
 " ..Harrold.....Bank of Harrold reported closed.
 " ..Marion.....City Bank closed.
 ILL....Ellisville.....W. N. Hogsett reported closed.
 IOWA...Cedar Rapids..Bohemian-American State Bank and Iowa Savings Bank consolidated under title, Bohemian-American Savings Bank.
 " ..Ireton .. First National Bank reported liquidating.
 " ..Walnut.....German Savings Bank reported closed.
 KAN....El Dorado.....Bank of El Dorado (Clancy & Clancy,) now W. T. Clancy, proprietor.
 " ..Harris.....Harris Bank reported discontinued.
 " ..Lincoln.....First National Bank has gone into voluntary liquidation.
 " ..Mapleton.....John Enfield reported discontinued.

- KAN....Oswego.....First National Bank succeeded by Labette Co. Bank, chartered.
 " ..Seneca.....Scoville Exchange Bank succeeded by Citizens State Bank,
 incorporated, same officers and correspondents.
 " ..Ulysses.....Grant Co. Bank reported closed.
 " ..Wichita.....Wichita National Bank in hands of receiver.
 MD....Snow Hill.....Banking House of Bishop, Covington & Johnson reported
 closed.
 MINN...Lamberton.....Bank of Lamberton reported closed.
 MO....Browning.....Peoples Exchange Bank incorporated.
 " ..Hume.....Citizens Bank reported closed.
 MONT..Neihart.....First National Bank has gone into voluntary liquidation, suc-
 ceeded by State Bank.
 NEB....Amherst.....Bank of Amherst reported closed.
 " ..Osmond.....Bank of Osmond incorporated.
 " ..Plattsburgh.....Citizens Bank closed.
 " ..Ruskin.....H. J. Reed & Co. succeeded by Bank of Ruskin.
 " ..Weeping Water.....Commercial Bank reported suspended.
 N. Y....Alfred.....University Bank incorporated.
 " ..Fayetteville.....National Bank of Fayetteville reported suspended.
 N. C....Wilmington.....Williams & Murchison succeeded by Murchison & Co.
 OKL. T. Enid....." O " Co. Bank assigned.
 PA.....Altoona.....Second National Bank reported resumed.
 " ..Lebanon.....Farmers Bank succeeded by Farmers National Bank.
 " ..Middletown.....National Bank of Middletown in hands of receiver.
 R. I....Providence.....Lime Rock National Bank reported in voluntary liquidation.
 TEXAS..Palestine.....Abe Ash reported discontinued.
 " ..Vernon.....State National Bank in hands of receiver.
 WASH..Centralia.....Frank Hense reported suspended.
 " ..Montesano.....First National Bank has gone into voluntary liquidation.
 " ..Tacoma.....Pierce Co. Savings Bank reported closed.
 WIS....Cambria.....Bank of Cambria (Edward Harris) now M. J. Rowlands &
 Son, proprietors.
 " ..Manitowoc.....Bank of Manitowoc succeeded by National Bank of Manitowoc.
 WYO....Sundance.....Crook Co. Bank reported closed.
 QUE....St. Guillaume d' Upton..La Banque de St. Hyacinthe reported closed.

DEATHS.

ABBEY.—On September 11, aged seventy-nine years, CHAUNCEY ABBEY, President of Fredonia National Bank, Fredonia, N. Y.

BARSTOW.—On September 5, aged eighty-one years, AMOS C. BARSTOW, President of City National Bank, Providence, R. I.

BATCHELDER.—On September 4, aged forty-five years, CHAS. E. BATCHELDER, President of Portsmouth Savings Bank, Portsmouth, N. H.

DITMAS.—On September 3, aged sixty-four years, A. I. DITMAS, Secretary and Treasurer of Long Island Safe Deposit Co., Brooklyn, N. Y.

FESSENDEN.—On September 20, aged fifty-five years, A. FESSENDEN, President of Townsend National Bank, Townsend, Mass.

JOHNSON.—On September 15, aged forty-eight years, E. KURTZ JOHNSON, President of Citizens' National Bank, Washington, D. C.

LEISENRING.—On September 20, aged forty-nine years, E. B. LEISENRING, President of First National Bank, Mauch Chunk, Pa.

LOTHROP.—On September 24, aged sixty-nine years, J. Q. A. LOTHROP, President of Cohasset Savings Bank, Cohasset, Mass.

NISSLEY.—On September 13, aged seventy years, C. H. NISSLEY, President of Union National Mount Joy Bank, Mount Joy, Pa.

REBER.—On September 11, aged seventy-six years, DAVID REBER, Cashier of Lewisburg National Bank, Lewisburg, Pa.

SMITH.—On September 21, aged forty-four years, F. PERCY SMITH, of the firm Winthrop & Percy Smith, Philadelphia, Pa.

WILLIAMSON.—On September 7, aged eighty-five years, JAMES WILLIAMSON, President of Sing Sing Savings Bank, Sing Sing, N. Y.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, SEPTEMBER, 1894.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in September.				
	Open- ing.	High- est.	Low- est.	Clos- ing.
GOVERNMENTS.				
Interest Periods.				
Mar. Quarterly	97 1/4	97 1/4	96 1/4	96 1/4
Jan. reg.	114 1/2	114 1/2	113 1/2	113 1/2
Jan. coup.	114 1/2	115	114 1/2	115
Feb. reg.	101	101	101	101
Jan. reg.	104	104	104	104
Jan. coup.	107	107	107	107
July reg.	110	110	110	110
July coup.	113	113 1/2	113	113 1/2
Aug. reg.				
Aug. coup.				
Oct. reg.				
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Nov. reg.				
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Dec. reg.				
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Jul. reg.				
Jul. coup.				

THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XLIX.

NOVEMBER, 1894.

No. 5.

ANNOUNCEMENT.

The next number of the BANKER'S MAGAZINE, to be issued on or about December 15th, will be greatly enlarged and improved. The current volume, which began with the July number, will therefore terminate with the present issue for November, and consist of only five numbers, an index to this volume being given elsewhere in the usual form.

With the December number the BANKER'S MAGAZINE will enter upon its 50th volume, having been established in 1846, and it will hereafter consist of two volumes a year, beginning respectively with January and July; but the first volume of this new series will include the December, 1894, issue, and therefore consist of seven numbers.

The entire property and good-will of the BANKER'S MAGAZINE and the BANKER'S ALMANAC AND REGISTER have been purchased by Mr. John G. Floyd, who was for nearly thirty years and until quite recently, a member of the firm of William B. Dana & Co., publishers of the New York *Commercial and Financial Chronicle*.

It will be the aim of the publisher to make the old and well-known BANKER'S MAGAZINE and its semi-annual ALMANAC AND REGISTER worthy representatives of the great banking interests of the United States and Canada, and in this effort he asks the cordial support of bankers in all parts of the country.

THE BALTIMORE PLAN OF BANK CIRCULATION.

A radical modification in the system of bank note circulation is urged by many for at least three reasons. The first is that the Government has no right or function to be concerned with paper money of any kind. This is regarded purely as a banking function, which the Government should not invade, for the further reason that it can never determine the amount needed so well as banking institutions. Even if it were conceded that it has a right to issue paper money, and would provide adequate redemption, nevertheless it can never adjust the volume to the requirements of trade. This is not a fixed amount, but depends on many conditions which the Government can never perfectly ascertain; while it is by no means difficult for banks to adjust the volume to the ever-varying requirements of business because they are so closely related thereto.

Another reason for modifying the existing system is because it is non-elastic. It is maintained that a system is faulty which does not provide a large and quick increase in times of unusual monetary pressure. Bankers keenly realize from recent experience the need of some better plan whereby a large expansion of the circulation can be easily effected. At present, the most feasible method is the issue of Clearing House certificates, but while these serve a highly useful purpose, a circulation which could be paid to depositors would be far better. The certificates are taken only by banks; their circulation, therefore, is narrow and imperfect. The thing lacking is a circulation which will satisfy depositors, and the banks will never be complete masters of the situation until they have a kind of money which can be readily created that will serve this purpose.

Another reason for changing the present system is to make more money. Once, bank circulation was the source of large profits, and competition in the banking business having become keen and profits reduced, many bankers are now looking with eager eyes to this ancient source of money-making. They recall the former times when it was so easy to please borrowers with loans and themselves with the profits from them. There was rarely any occasion for turning an applicant away because funds were lacking.

Other reasons might be mentioned which underlie the movement for a return to a system of quick and large expansion of the bank circulation, but these are the most prominent. Every now and then a plan is hatched, but the one which has just received the general indorsement of the American Bankers' Association at Baltimore is deserving of especial attention.

At the outset a word should be said concerning its origin. In the proceedings of the convention of the Michigan Bankers' Association there is a letter from Ex-Comptroller Hepburn, in which the same plan is described as that recommended by the bankers of Baltimore. It would seem, therefore, that Mr. Hepburn is the father of the plan; that he secured the approval of it by the Baltimore bankers, who, in turn, presented the same to the convention. Judging from its proceedings, it was very favorably regarded, but whether this opinion will be sustained on longer reflection is quite another thing.

In our judgment it combines some excellent features with some grave defects. In the first place, it may be remarked that many who favor this plan do not believe that the Government has any right to issue a paper currency. They do not hesitate to assert that the business of issuing a paper circulation ought to be relegated wholly to the banks, for they, and they alone, can determine the amount required. On the other hand, it is proposed that its redemption shall be guaranteed by the Government, though this is not as plainly expressed as it might be. The banks are to provide a guarantee fund for the redemption of their notes; but if the fund is insufficient the Government is to pay the balance, and to collect the amount from the assets of the issuers. The Government, therefore, is to act as a guarantor which, it is supposed, would secure as effective circulation for the notes as that possessed by the present notes. But if the Government ought not to issue paper money, if this is beyond its scope, surely it is not proper for the Government to become an insurer of money issued by another. It is, indeed, a singular position, to deny the authority of the Government to issue paper money, and then to admit that it may become the guarantor of money issued by banking institutions. Surely, if the Government is to do anything in this direction, ought it not to issue the money directly or through institutions of its own creation, rather than to become the sponsor, or guarantor, of money issued by some other authority?

Again, such an undertaking would conflict strongly with the notions entertained by some people concerning public protection, for this is protection, and of a very peculiar kind. It is well understood that the conferring of authority on the banks to issue bank notes has all along encountered very considerable opposition. It is asserted that the Government alone should issue the paper money, and this class, which is very large, would never consent that the Government should become the guarantor for these institutions of their liabilities. This is carrying protection to the extreme. Furthermore, what is the Government to get for going into the bank guaranty business? The plan provides for the collection of a tax which is to be used to pay the expense of administering the office

of the Comptroller of the Currency, but it does not provide that the Government shall receive one cent for guaranteeing the circulation. Suppose the assets of a bank were insufficient to pay the noteholders, then the loss must be borne by the Government; on what ground could it justify itself in acting the part of a voluntary guarantor for these institutions of their liabilities while declining to act a similar part for all others who would be happy, indeed, to have such a powerful protector?

Again, it is said that this fund will be amply sufficient, and that there will be no danger of loss to the Government, should it act as a guarantor. The experience of Canada is given to sustain the assertion. It must be remembered that Canada is a much smaller country than ours, with fewer banks, and which, in the aggregate, are conducted more wisely than our own. It will not be denied that there are many bankers in the United States of large experience and great ability, but it must also be admitted that many are engaged in the business without special training or fitness. Successful in another business, they imagine that they are quite capable of managing a bank; but again and again have such men, though having the best intentions, made serious blunders in attempting to conduct banking institutions. We do not believe, therefore, that the experience of Canada is of much value in determining whether such a system would succeed in the United States.

It must be remembered that not infrequently a large number of banks go down together, and the fund thus accumulated very likely would be insufficient to redeem all their notes. Now the plan provides that the assets of a bank shall first be devoted to this purpose. But what reason exists for making noteholders preferred creditors? Is there any equity or justice in this proceeding? Why is not the debt of a depositor of just as high order as the debt of a noteholder? Is the fact that most of the notes are for small amounts and are held by a large number of persons a reason for preferring them? If either class ought to be preferred, ought not the depositor, because the losses to individual noteholders would be small in comparison with the losses to depositors, as a noteholder rarely has many notes in his possession? Deposits often are for large amounts, and their loss, therefore, is serious to depositors, but the sums lost to noteholders, though large in the aggregate, are rarely so to an individual. We, therefore, fail to perceive any reason why noteholders should be regarded with so much favor, and if they were, would not the banks lose in another direction more than they would gain in the estimation of the noteholders? In other words, would not depositors be less willing to deposit with banks if their assets were to be first devoted to the payment of the debts of other persons rather than to themselves? As every banker knows, deposits are a large source of profit with

many banks; would not a wiser policy, therefore, protect depositors as completely as any other class, rather than give them a second place? Surely a plan must be shortsighted which singles out smaller and less important creditors and overlooks larger ones, to whom banks look for the chief source of their profits.

We have not space for further criticisms, but we again repeat that those who regard this plan with favor do not in the least measure the popular opposition that it would surely encounter. No political party would dare to champion the plan as soon as it was understood. We now turn with much greater pleasure to one of its excellent features, which provides for an increase of twenty-five per cent. in the circulation in times of great emergency on the payment of such a tax to the Government as would induce the withdrawal of this amount as soon as the emergency which gave birth to its issue had passed away. This feature is, we suppose, adopted from the Berlin system, to which we have so often referred in the *MAGAZINE*. This plan has never been tried in this country and is certainly worth a trial; but it could be easily enough grafted on the system already existing. The banks that now issue no currency, or only a small amount in proportion to their capital, might be authorized to issue more on the terms prescribed in this plan. Whatever may come of the Baltimore plan, as it is called, surely this feature might be adopted without delay, and thus a provision for more currency in times of emergency be secured. We sincerely trust that bankers will not be slow to present this feature to the early attention of Congress. It ought to encounter no opposition, and if Mr. Hepburn and those who are most deeply interested in its success can effect this end, they will perform a service of the greatest value.

One of the chief reasons, as we have already remarked, for establishing an easier method of issuing bank notes, is to enhance the profits of banking. This end can be reached in another way by consolidating banks. There are far too many in large cities and places of moderate size. Many a town has six or seven banks which ought not to have more than two. The truth is, and it cannot be denied, the banking business, like almost every other, has been greatly overdone, and consequently, the profits, like the profits of every other business, have been shrinking. It must be evident to all who have looked into the subject, that the remedy lies in consolidation. Put two or three banks into one, sell the surplus buildings, and profits will be larger. This is the remedy that people are adopting in other kinds of business, and bankers should follow the same course. But no one is willing to relinquish his place, and so the number of banks remains undiminished while profits dwindle. Sooner or later necessity will compel consolidations. In some cases this has been done; we believe that in the

next five years the movement will become more general. If this were done, and dividends increased, we should hear much less about the necessity of bank note circulation for these institutions. For it is clear as noonday that by the incorporation into the present system of a mode of increasing the circulation, as above suggested, a cure of the most serious evil connected with the present system would be effected. Do this, and the present system would be the most perfect in the world.

A REVIEW OF FINANCE AND BUSINESS.

A HALT IN IMPROVEMENT.

The general business situation has developed little change, the past month. The improvement noted for September, has been maintained, as a rule, through October; but, there has been little if any further gain, which latter fact has disappointed the expectations of those who looked for a steady and rapid improvement in the situation, after the tariff blockade had been raised. Yet there has been a natural cause for this condition of things, deeper and broader for the time being, than the tariff question itself. It is our poor export trade, that has brought us near the gold exporting point again, at the season of the year when we should be importing it, reduced the earnings of Granger and Trunk Line railroads, as well as of water transportation lines, both inland and ocean, and left the interior a debtor still to the East, instead of making it a creditor, as usual at this season of the year. Hence the dullness of domestic trade in the interior, as well as on the seaboard; and, the continued stagnation of money, due to the small movement of the crops into export channels and the lowest prices on record therefor. After a more protracted and still deeper depression, extending from 1873 to 1877, we not only had large crops at home, but short ones abroad, which were repeated for three years in succession, lifting the country out of the Slough of Despond, as if by magic, followed by a boom from 1878 to 1881; for then, we had the additional lever of high prices. Whereas, now we have the reverse conditions of minimum prices and minimum demand, with wheat at 55 cents at the seaboard, and cotton at 5½ cents per pound; or, less than half the prices of the latter period.

SMALL EXPORTS AND AGRICULTURAL DEPRESSION

are, therefore, now the chief remaining obstacles to a return of general prosperity, with little prospect, now in sight, of radical improvement, or speedy relief. The causes of the great revolution in prices, throughout the commercial world, during the past decade and a half, are not only general, but, mostly permanent; and, a

return to the conditions of 1877-1879, is impossible. It is idle to wait for them; and, the sooner we adjust the business affairs of this country to this fact, the sooner will prosperity return to us. It is no longer the high-priced country that will win in the great National, and International race, for the commerce of its own people, any more than for that of the world; but, rather, the cheapest. Reduced cost of production, is now the only road to our National, or individual prosperity. Depression in this country exists largely, because of the past high cost of production, which has rendered, our great agricultural products, that form the bulk of our exports, unable to profitably compete with those of other nations, in the markets of the world. This has been the first and foremost cause of the severe and permanent decrease in our agricultural exports, beginning in 1881, and increasing to the present time, with few and temporary short crop exceptions. We have at last started, however, in the right direction to overcome this hitherto insurmountable obstacle to the recovery of our former agricultural supremacy and of our fast disappearing export trade, by reducing the cost of what the farmer has to buy, instead of fruitlessly trying to enhance the price of what he had to sell, while the colonies and commercial dependencies of Great Britain have been pursuing the opposite policy and steadily taking that trade away.

RECOVERY OF PROSPERITY BUT NOT OF OLD PRICES.

Having thus started in the right direction, to remedy this hitherto incurable disease of declining exports, we may look hereafter for a gradual recovery of our agricultural supremacy and prosperity, though not to any general extent of prices, except during war, or the world's short crop years. It is to this mistaken diagnosis of our National ailments, that we owe much of the present disappointment at our slow and almost imperceptible recovery from the after-panic conditions of the past year; and, it may not be until another crop has been raised, at the reduced cost of production, now first made possible, by reduction in the tariff, and, consequently, in the price of living, that a margin of profit, will be left the producer, with which to enrich himself and the nation. Until there is such a profit, he has nothing left to spend, after paying for raising his crops. This is why the interior is now unable to buy goods, except necessities, and even those only in the most hand-to-mouth manner. But, happily, we will, in times of peace, have no more of our old-time booms, that were always followed by depression, because our industries were over-stimulated by artificial prices, in periods of speculative inflation, to become idle, when the reaction came. We will have, however, a slow and steady improvement, until demand is restored to its natural volume, to which the supply of our non-exportable products

will be permanently adjusted; and, our surplus manufacturing capacity turned to the production of goods we may be able to export hereafter, at reduced cost, and thus keep all our industries permanently employed, as England does, having the world's markets in which to unload any accumulations, by taking off the profits. Thus, will our agricultural and industrial depression, gradually disappear together, and prosperity return, unheralded by any boom, even with low prices; for, it matters not what we get for our wheat, cotton, provisions, manufactures or labor, so all have a fair margin of profit left, over the cost of production and of living. This is now the problem before the people of this country; namely, the

READJUSTMENT OF PRICES AND PRODUCTION

upon this new basis of increased demand and supply; and, to find how cheap we may produce, and how much we may increase that demand and supply by extending our markets throughout the world, instead of confining ourselves to supplying home demand. By this means, we will not only increase home consumption for our agricultural, as well as industrial products; but, also to this extent render ourselves independent of the markets of the world for the former, by consuming more at home and exporting the latter in their stead, thus increasing the demand for labor, raw materials and machinery, until, with our great natural advantages of soil, climate, resources and location, between Europe and Asia, our natural destiny is fulfilled, as the great manufacturing, as well as agricultural country of the world, hastened by the most magnificent system of rapid and cheap transportation, by land and water, inland and ocean, of any country in the world. That we may have a considerable and permanent recovery in prices, from the present after-panic and universal depression level, is more than probable, and, to be hoped, not waited for, with the return of general prosperity in its stead. But the old dollar bottom basis for wheat and 10 cents for cotton, is gone forever; at least, while anything like the present price of silver, enables the farmers of silver currency produce exporting countries, to get almost the same prices, in that metal, for their products, as they did before the late great decline in prices of gold currency competing nations; for, with about its old purchasing power, the silver price for those products still renders their production profitable in the former countries, even at present prices, where there is practically no limit to the area yet available for cultivation, of our chief export staples—wheat, cotton, meats and other food, feed and raw products.

THE STOCK EXCHANGE,

next to the Produce Exchange, has been the duller place in the country; and, bear markets in both have been the result, the former reflecting the state of financial affairs, as the latter does the

condition of commerce, and, especially, of export trade. Speculation has been dead, in both these great centers of finance and trade, on this side the Atlantic; and, the whole speculative list, in both, has been under the control of professional traders. Neither the investing nor the speculative public has been in either, to any extent, as buyers or sellers, though the former have taken what safe and desirable railway bonds were offered and sold some railway stocks, of which doubt, as to their continued dividends, has been entertained. This latter fact has enabled the bears to raid some of the leading shares with some measure of success; but there has not been enough such selling, to enable the shorts to turn around with profit in so narrow a market. The investment stocks have therefore been dull and drooping without heavy breaks, except at the close of the month, when the shares of the anthracite coal roads tumbled quite heavily, on reports of disagreements over their allotted proportions of the output. When, therefore, this restriction was removed, during the last week in the month, in face of the continued stagnation and weakness in the coal market, for months past, it was regarded on the Stock Exchange as the beginning of an anthracite coal war, notwithstanding the thin veil thrown over the disagreements of the companies by the advance of 25 cents per ton, in their schedule prices at the last meeting of their sales agents. But schedule rates on coal are as flexible as freight rates on the Trunk Lines have been during the month, by which rebates of 3 cents per 100 pounds are said to have been allowed by all roads coming into New York, if not to all seaboard points, so small has been the amount of tonnage offering, in competition with about a 4-cent per bushel grain rate from Chicago to New York, by lake and canal. These are about the only features of interest during the month, except in the industrial stocks which have been depressed by the manipulation of insiders in some cases and by selling on their account in others. But as these shares are mostly gambling stocks, though some are dividend payers, they are no index of general business and of no interest except to those who bet on them, outside of the banks, which are only too glad to loan their idle funds on such collateral, when reasonably "mixed" with other securities.

THE MONEY MARKET

has continued to be of as little interest and importance in financial or commercial circles, as it has been for months; and, with one exception, about the middle of the month, when exports of gold were renewed on a small scale, there has been nothing to attract attention to it, until a movement of the city banks was unsuccessfully started to reduce the interest paid by them on deposits to 1 per cent., which has been the extreme call rate, as loans have gone begging on the stock and other exchanges all the month,

at $\frac{1}{2}$ to 1 per cent., without a sign of hardening, though the loans of city banks, by their last statement, were the largest on record, or nearly \$500,000,000. Time money has equally been in superabundant supply, and mercantile paper has been eagerly sought by banks at generally easier rates, with less scrutiny of makers' names. Thirty-day rates 1 per cent., sixty day 2, and longer periods $2\frac{1}{2}$ to 3 at the close, with $2\frac{1}{2}$ to $4\frac{1}{2}$ per cent. on commercial paper; while the interior banks are nearly all still sending currency here, instead of calling on New York for it, to move the crops, so small is the total volume, and so reduced the value of the chief export staples—wheat, cotton and flour—that it takes but half the money it did only a few years since to handle any of them.

The foreign money markets are in the same plethoric condition, notwithstanding the uneasiness of both the London and Continental bourses over the impending death of the Czar of Russia and the fears of an unsettling of political relations with Eastern Europe, in consequence. Yet a small Chinese loan has been placed in London, in spite of her successive defeats and reported invasion; while the Bank of England has extended the time originally set for the liquidation of the Baring assets, taken over by it after their failure. Argentine finances, however, with which these assets had more to do, are working into better shape, as a result of the two large crops of wheat, for two years in succession. Silver is also firming up in the London market and here; and, some regard the long and heavy decline in that and wheat, which have come to be regarded as related to each other, at an end. We have exported over $86\frac{1}{2}$ millions of gold since January 1st, and $26\frac{1}{4}$ millions of silver, against 70 and $26\frac{1}{4}$ millions respectively last year, same time; and, imported $20\frac{1}{4}$ millions of gold and $1\frac{1}{4}$ millions of silver, against $57\frac{1}{2}$ and 3 millions respectively same time last year.

Yet, according to the latest official Treasury returns, there were \$623,800,000 of gold in the United States, of which the Treasury held \$123,000,000. Of this, \$59,500,000 was net gold. The National banks are also well supplied with gold. The following cities had gold on the date of the respective bank calls, October 2 and July 18 last, as follows:

	<i>October 2.</i>	<i>July 18.</i>
New York.....	\$75,600,000	\$74,124,000
Chicago.....	21,959,000	23,176,000
Philadelphia.....	10,198,000	11,527,000
Boston.....	8,602,000	8,534,000
Pittsburg.....	3,773,000	3,724,000
St. Louis.....	1,850,000	1,654,000
Cincinnati.....	1,121,000	1,145,000
Detroit.....	1,190,000	1,164,000
Washington.....	1,237,000	984,000
Baltimore.....	2,122,000	2,074,000
Albany.....	737,000	713,000
Cleveland.....	1,565,000	1,680,000

THE RAILROAD OUTLOOK.

is so closely bound up with the crops and the export demand for them, that it is like a Chinese puzzle. The Government crop reports, as often stated in these articles the past year, have been so generally discredited by the final outcome and the movements of last year's crops and this, that few place any reliance upon its estimates for the crops of 1894. The consensus of opinion in the trade is in favor of good average crops of food and feed stuffs and live stock, which comprise the great sources of traffic of the Granger roads and even of the Trunk Lines, during the close of inland navigation. But admitting, average crops as a whole, the other unknown and more doubtful quantity is the probable export demand for this crop year. So far, it has fallen far behind a year ago, and an average in all kinds of grain, while provisions are as dead as other export staples. Europe has less foreign wheat than a year ago, but more native grown, though of inferior quality, a condition due to a wet harvest. The new Argentine crop promises to be as abundant as the last, while India is not far behind, and both will be in market, early in the next calendar year. We have more wheat in sight in this country than ever, and receipts of spring have increased, until elevator and storage room in many of the primary and storage centers of accumulation is getting scarce. The lower we go, the less Europe has been taking; and, it is a question, if she will want the usual amount from us, the last half of the crop year, as she has not the first, so far. At all events, as shown last month, the world has produced twenty-six millions of quarters more wheat this year than last, while we are always left to the last, and Europe only buys of us what she cannot get elsewhere, and pays for it in goods instead of gold. This is the food export outlook. Feed export prospects are still worse, compared with last year, when Europe's feed crops were all short, and we exported more hay, oats and corn than ever before. This year, Russia can supply the bulk of the deficit of Western Europe, which is about the average or less. The season for provision exports has not yet arrived, and it is not clear what Europe's wants will be, until the manipulation and speculation in Chicago in hog products shall be ended, and the packing season begun, giving a more settled basis of prices. But the outlook is not regarded as flattering for big exports, unless at lower prices, though stocks of American products must be small on the other side, at the late higher prices relatively than other food products. Outside of cotton, therefore, the export outlook for our great staples, is anything but flattering; and, the railroads dependent upon these products coming to the seaboard, have a distinctly less favorable outlook than a year ago, when they were taxed, to bring stuff forward as fast as Europe wanted it

for consumption. How much this will be offset by increased West-bound merchandise traffic, or by that of raw material and manufactured goods, to and from interior, or seaboard manufacturing and commercial centers, remains to be developed. Official reports of earnings for the month past will have to be awaited, before the present tendency in this direction can be known. They are not expected to make a more favorable showing than in September, when they were by no means as good as had been expected, in many cases.

THE COTTON AND GRAIN MARKETS

have been in much the same shape as wheat, dragging to a lower level; yet with each new record cotton has found some friends; that is, those more friendly to it, though afraid to invest in it as a rule, fearing the immense supplies will force prices still lower before the producers shall refuse to sell, or speculation revive and take the load of spot stock off the market. Neither of these looked-for developments has yet occurred, though there are more indications of it, but not enough to be visible in reduced movement, which is still heavy, while weather conditions for the month, have been as favorable as they were unfavorable last month. There has been more investment demand also on each break of late, and the market gives more signs of being at, or near bottom, than for some time. The trouble is, as in wheat, it ought to turn up, and everybody feels that way, but, notwithstanding, there is nothing yet in sight, to bull either. Yet it is often in just such positions as this, that the bottom is reached and passed before the changed conditions are recognized in the trade. But that there will be such a turning point, at which good investments can be made in both wheat and cotton on this crop, is the growing belief in both trades, and also that this time is not far distant. "After the close of navigation," is the time set in wheat; and, "after this rush of receipts is over," is the talk in cotton; and, it would be comparatively easy to turn either market, by good and continued buying, as the short interest is small, and ready to follow a bull leader, if they can see any bull feature, or a let-up in the pressure of spot stuff.

The last week's crop movement of cotton, however, was the largest on record. But Northern spinners have taken 200,000 bales more this crop, to date, than last year. The crop movement since September 1st has been 2,350,000 bales in round numbers, against 1,890,000 last year, or 460,000 increase. The visible supply in this country and Europe of all kinds is about 3,000,000, against 3,040,000 last year, or about 40,000 bales less. But the total supply is 340,000 bales less than '92, the last previous large crop year. Corn is still far above its relative value with wheat, at about the same price, and only held by scarcity of old crop. When the new comes in volume on the market, it must sink to its natural

position, as oats did two months ago, after being higher than corn, especially since wheat is being fed largely to live stock with better results than corn. In truth, this latter fact, which has become very general at the West, is the chief bull argument on wheat at the moment, which must be correspondingly bearish on corn. It is estimated that fifty to one hundred million bushels of wheat will be fed this year, according to the length of time corn holds up in price with wheat.

IRON, COAL, AND OTHER MARKETS

have remained in about the same condition as for September, with a fair amount of business in the former, at prices generally in buyers' favor, though at no marked decline, while there is a show of a fair amount of orders up to the end of the year. Yet there is no positive activity or improvement in demand in any important branch of the trade. The lack of demand from the railroads, for rolling stock or new equipment in shape of rails or motive power are the great drawbacks; and, this lack is in turn explained under the "Railroad Outlook" above. As to the prospects in this direction for improvement, they cannot be said to be flattering. Yet prices, like those of wheat and cotton, are so low that they are regarded pretty safe and likely to go but little lower.

Coal, so far as the anthracite trade is concerned, is in its usual state of over-production, while the financial necessities of some of the coal-carrying roads, are such that they cannot restrict production longer, in the interest of the combination that has controlled prices so long; and, held them unreasonably above their allied industry, iron, and the price of other necessities of life through this period of depression. But, at their last meeting, unrestricted production was agreed upon, after a stormy session, that is believed to foreshadow an anthracite coal war, although, as noted above, the schedule price was advanced nominally 25 cents. Yet as old rates have been generally cut, for some time past, little or no attention is paid to this coal dust thrown in the eyes of consumers to scare them into buying their winter supplies before a further (?) advance.

The dry goods markets have been in about the same shape as everything else, at sixes and sevens; or, waiting for buyers to turn up, of which there seem to have been less than in September, except as attracted by auction sales, which have for the most part favored buyers so much, that it has discouraged them from anticipating future wants. The movement of goods and the new business for the month has been disappointing, for this, and other reasons given above, compared with September, and with an average volume of trade at this season of the year. Yet, as in everything else, prices are so low that they are regarded as pretty safe. The labor troubles in cotton manufacturing centers have helped

steady the prices of some goods, but there is no scarcity of anything, while the woolen interests have had a fair demand for winter goods, though the season is about over. Wools have not been active at the gain in prices following the passage of the tariff law, and the improvement is hardly sustained, as manufacturers had generally bought at the bottom prices preceding the passage of the tariff bill. But the consumption of both wool and cotton indicates a more general resumption of operations by all classes of textile manufactures, notwithstanding the unsatisfactory demand for their products.

Ocean freight carriers have been having a very lean time, with light exports. They have been compelled to take grain at about ballast rates from all the Atlantic ports, while some of the transatlantic lines have carried coal or water for that purpose. There has been a fair amount of flour and cotton going forward, as well as American apples, which have been exported much more largely this, than last year. But the general freight movement has been small, and the ocean, as well as lake and canal carriers, will end up this season at about the lowest rates on record. Even 4-cent water rates on grain from Chicago to New York have been accepted, against as high as 40 cents by rail, in the history of the trade, or within 15 cents of the present price of wheat here.

H. A. PIERCE.

The Baltimore Convention.—The attendance at the last convention of the American Bankers' Association was larger than that of any other for several years. The principal topic related to the formation of a plan for securing improvements in the bank note circulation. Elsewhere the plan has been discussed in the present number of the MAGAZINE. The bankers throughout the country unquestionably feel the need of securing at least some amendments to the National bank system. One class, especially, desires a return to the State bank systems, expecting thereby to secure a larger and less expensive increase of circulation, while another class is most desirous of securing more elasticity to the system, particularly since the experience of last year. As the great mass of deposits can be demanded at any time, while they are lent for a considerable period, the only way to relieve a banker from anxiety in conducting his business is to provide some way to return these deposits whenever their owners call for them. Bankers will continue to study this question with increasing interest until the problem is solved. Perhaps the plan put forward at Baltimore contains the germ of a solution. If so, the convention will prove more fruitful than any other which has been held for a long period.

FINANCIAL FACTS AND OPINIONS.

Automatic Currency.—If the National bank note circulation does not readily adjust itself to the needs of business, as many assert, would the circulation issued by the plan proposed at the convention of the American Bankers' Association be an improvement in this regard? Would not banks generally issue the full amount of currency permitted, namely, the fifty per cent.? They surely would do this, judging by their past conduct whenever they have had the power to regulate the amount of currency. Their desire of gain has always led them to issue and keep in circulation the largest possible amount of currency, thereby promoting speculation and unwise borrowing. Was not this the experience to which Great Britain was treated, and which resulted in the Peel Act of 1844, whereby the banks were no longer permitted to regulate the currency for the English people? Has not this country had a similar experience? Admitting that elasticity is required, especially in times of great monetary pressure, the facts are unquestionably against those who contend that the banks can wisely regulate in ordinary times the amount of money required by the people. If this plan were adopted, most of the banks would issue the full authorized amount, leaving no margin for future expansion. The currency, therefore, would be quite as inelastic as it is now except in times of unusual pressure. It certainly would not possess an automatic character. It is said that if an excess of currency were issued it would find its way back to the issuers, but every bank can find ways of lending all of its resources at some price. It cannot be denied that any cheap and easy mode of increasing the bank circulation would doubtless lead to over-issues and to reckless lending by too many banking institutions. Of course, many of our bankers need no regulation of any kind to make the way of duty and expediency clear for them, but among the many thousands of bankers in our country there are many who are reckless and ignorant, and who would not hesitate to take advantage of the proposed system to make all they could out of it. It must be added that the worth of the system consists, not in the way it would be regarded and administered by those who are trying to manage their institutions wisely, but by the worst of those who are engaged in the business. Would not the system proposed afford far greater temptations to the evilly-inclined than the present one to lend rashly, to keep all their resources employed, reserving none for trying times which can never be escaped?

Origin of the Baltimore Currency Plan.—Elsewhere in the present number something has been said concerning the origin of this

plan, which can be clearly traced from the committee which reported it to Mr. Hepburn. But a correspondent of the *Dallas News* claims an older parentage for some of its most essential features. He says that these were contained in a paper read at the last convention of the Texas Bankers' Association, by Mr. C. C. Hemming, president of the Gainesville National Bank, and which was published in the June number of the *MAGAZINE*. Those who are interested in the subject should read Mr. Hemming's very thoughtful paper. It should be added, however, that the establishing of a joint fund to secure bank circulation is by no means a new idea, as such a system long ago existed in New York. The fund, however, was to secure other creditors as well as noteholders, and proved to be inadequate for the security of all. The distinguished Comptroller of the Currency, Mr. Knox, wrote a great deal on the subject, and favored the safety fund plan, limited in its operation to the securing of noteholders. If we are not mistaken, he also believed in a Government guaranty. Mr. Horace White, and others, have advocated essentially the same plan; but it now comes before the public in a manner which has drawn unusual attention to it. However meritorious it may be, we cannot help thinking that the large class who are utterly opposed to bank note circulation will prove powerful enough to defeat any plan which would be worth very much to bankers. The authors of the Baltimore plan evidently did not take this opposition into account; but they will find out all about it as soon as a bill is introduced into Congress containing an embodiment of their ideas.

The Value of Bank Accounts.—In a very interesting paper, read by Mr. James G. Cannon, vice-president of the Fourth National Bank of New York, on bank accounts, at the Baltimore convention, will be found some instructive examples of bank accounts. How many banks keep accounts that are quite as unprofitable as the examples furnished by Mr. Cannon? Many a depositor may have a large balance in his favor on the books of a bank, but draw so frequently against the checks deposited as to be in debt most of the time. Mr. Cannon says that the life of an ordinary country check is six and a half days, and many a depositor often draws out the amount before the full expiration of that period. The truth is, there is no business, probably, in which so much is done for nothing as in banking. Even if an account does not pay to-day, it is kept, the bank hoping that it will prove profitable. Instead, therefore, of cutting off such depositors, or requiring them to draw less, or to wait until collections are made, they are favored with the expectation that they will make a future return, which in many cases, is never made. There ought to be

more independence and courage among bankers in this regard. They are beginning to charge something for making collections, which they ought to have done long ago. It is true one reason that has doubtless led banks to continue these questionable practices is that nothing has been paid generally for the use of deposits, and the aggregate results of their business have been on the right side. But now that depositors are demanding more favors or interest on their balances, or reducing them, it is quite time that banks should reciprocate by doing less for depositors, or requiring more compensation for the favors rendered to them in making collections, and in other ways. Mr. Cannon by his excellent paper has undoubtedly opened the eyes of many a banker, who will look more sharply into the accounts of his bank in the future. There would be many surprises if every bank should go over the accounts of its customers in a thorough manner for the purpose of ascertaining the amount of profit in each one of them.

The Georgia Plan of a Currency.—A county in Georgia has invented a brand new plan of issuing paper money that may be successful. This consists in issuing bonds, bearing a low rate of interest, in small denominations of five, ten and twenty dollars, for the purpose of using them as a local currency. They are issued by the county commissioners of Floyd County. The Solicitor of the United States Treasury says that no statute of the United States has been violated, nor are the bonds subject to any tax, as the word county is not enumerated among the taxable corporations, persons, firms, associations, State banks or State banking associations in the law imposing the ten per cent. tax on other circulation than that of National banks. The Solicitor has further volunteered the opinion that bonds of a denomination as low as one or two dollars can thus be used as a local circulating medium. The only thing for the county to regard is the form of the bonds, which must bear no similitude to the notes of the United States. The Mississippi authorities were guilty of violating the National laws by not observing this regulation. It is, therefore, by paying a due regard to the form and not the substance of things that the Constitution can be evaded. The Supreme Court of the United States long ago decided in the case of *Craig v. The State of Missouri*, that no State could issue currency in any form, as this was contrary to that provision that declares that "no State shall coin money or emit bills of credit." But if an entire State cannot issue bills of credit, it may be that a portion or section of it can, namely, a county. We have no doubt that the Supreme Court will make short work of this new attempt to violate the Constitution, whenever the question shall be brought before that tribunal for determination. The Constitution plainly

means that States must not coin money or issue paper money; and if the greater authority cannot do this, surely the lesser authority within the State must be included in the inhibition.

Reduction of Interest on Deposits.—The reduction of the rate of interest by the banks of New York on out-of-town balances to one per cent. is conclusive proof that the bankers are unable to lend them with profit. If they could, doubtless they would gladly continue to pay the old rates. On the other hand, if this were done, banks might be tempted to take larger risks in lending their money in order to earn the promised or expected interest. This has always been the history of paying a high rate of interest on deposits. For this reason the payment of interest on deposits has always been condemned by one class of bankers. Doubtless the practice is growing of paying interest on them, but banks should be very slow to pay more than they can afford for them. Nothing is more difficult than to secure co-operation among banks in such matters, and yet nothing is more essential to their general safety and prosperity. It would be a very good thing, indeed, if banks possessed a little more of the same spirit in the way of making loans and of furnishing information to one another concerning the standing of borrowers.

Receiverships.—On the failure of the St. Nicholas Bank of New York, a temporary receiver was appointed, who, although months have passed, is still acting in that capacity. Dividends to the amount of 80 per cent. have been paid; but, very recently, when the payment of the last one was ordered, Judge Barrett remarked that it was extraordinary that no permanent receiver had been appointed, and that he would not make an order for the payment of another dividend on the application of a temporary receiver. He justified his action in ordering the payment of another dividend, on the ground that the depositors needed their money, but he did not understand why no steps had been taken to conform with the law with respect to the appointment of a permanent receiver to settle the affairs of the bank. In too many cases receivers are very unsatisfactory officers. Not only are receivership proceedings expensive, but often they are prolonged, to the great dissatisfaction of all concerned, except the receiver and those who may be engaged with him in picking the wreck. The St. Nicholas Bank case is the more remarkable as no reason appears why a permanent receiver should not be appointed.

Centennial of the American Dollar.—On the 15th of October, one hundred years ago, the first United States silver dollar was

coined by the Philadelphia mint. The new coin, with its familiar figures of Liberty and the American eagle, was made from a design by Robert Scot, who was the first engraver employed at the mint. On July 18, 1794, the Bank of Maryland made the first deposit of silver, consisting of coins of France, which were valued at \$80,715.73½. These were coined into American dollars and issued on the 15th day of the following October. Coins, however, had been made in America long before. Virginia began in 1612, by making brass pieces. They were embellished with the figure of a "hogge, in memory of the abundance of hogges which were found on our first landing." Massachusetts Bay was the next to engage in the coinage business, and a "mint howse" was established at Boston on the 12th of May, 1652. Small silver pieces—shillings and two pence—were supplied to the Puritans. Charles II. was so angry over this violation of his prerogative, that he almost determined to revoke the colony's charter; but his vanity was flattered by the interpretation that the pine tree on one of the coins was the royal oak, and the colony escaped. The Federal law of 1786 swept away the whole system of pounds, shillings and pence, and substituted the present decimal system.

Co-operation in Banking.—Banks have important mutual interests which too often have been disregarded because of their jealousy for one another. Consequently, associations of all kinds among banks have not been much favored or attended. Of late, however, there has been a noteworthy change. The New York Bankers' Association, especially, has led in a movement which promises very hopeful results. The banks composing the association have been formed into groups which can be attended by every bank lying within a particular group without serious inconvenience. It is expected that these smaller associations will possess a real life, for surely there is much for them to do. It, doubtless, is not practicable to have frequent meetings of State associations, especially in the large States, but groups like those formed in New York are sufficiently limited to draw a very general attendance, and their work, so far as more general action may be necessary, can be completed by the State association. Within a few days these groups have been organized in New York, and the members were quick to perceive objects of mutual interest. First of all, is that of taxation, which is an important one; secondly, the burden of taxation borne by banks compared with the burden borne by trust companies. Either by accident, or otherwise, trust companies have been favored by the tax authorities, and this is an evil of which the banks everywhere are complaining. Again, banks can accomplish much in the way of improving the methods of collecting checks on out-of-town banks. Every banker is familiar with the roundabout

courses of many checks before they reach their destination. All these are practical matters for local bank associations to consider. But there are other matters of greater moment. One of them relates to the detection and prosecution of criminals, and preventions against forgery, and the like. Another is legislation. Every legislature is inclined to deal more or less with the subject of banking. Often bills are pitched into the legislative hopper simply to make work for lobbyists in defeating them. Probably in every legislature are bills of this kind, and banks must, however unwillingly, do something to secure their defeat. In several of the States there has been legislation, or attempts at legislation, of late years concerning the mode of investing savings bank deposits. These matters require attention, and bankers, through their associations, can deal with them far more economically and effectively than they can otherwise. Lastly, may be mentioned the large subject of credits. Every now and then some plan has been urged for improving the methods of information that banks now have concerning the standing or ability of borrowers. Not much, however, has been accomplished. The credit books are examined, inquiries are made of persons, but, nevertheless, the business of lending, as every banker knows, is in many respects a hazardous one. This hazard might be greatly narrowed through co-operation among the banks. Such action would be mutually advantageous, and these local groups furnish a splendid basis for undertaking work of this kind. There is nothing relating to banking of more vital importance than this—how to obtain more and better information concerning the standing of borrowers. These groups could accomplish much either in a formal or informal manner in this regard, and if associations in other States were to form local groups of like character and take up this work, in a comparatively short period very much might be accomplished in the way of establishing means for obtaining this much needed information.

Banks and Business.—A letter appeared a few days since in the *New York Journal of Commerce*, in which the writer contrasts the condition of the New York State banks with those of Boston, in making advances to wool dealers on bills of exchange, warehouse receipts and other documents. The Boston dealers have always obtained from their banks all the financial aid desired, and consequently Boston has easily maintained its supremacy in the wool market. Nineteen wool houses are represented in the Boston bank directories. On the other hand, paper of this character is regarded by New York banks with distrust, and Boston, therefore, remains the great wool market of the East, while New York holds an inferior place. Much has been said of late concerning the decline of the export business in Philadelphia, and this has

been attributed in no small degree to wrongful discrimination by the leading railroad of the State. Whatever the company may have done in this regard, one reason why Western wheat and other products are shipped to Baltimore and New York instead of Philadelphia, is because the banks in these cities grant more liberal accommodations to shippers than the Philadelphia banks would, were they solicited by this class of borrowers. Of course, banks have a perfect right to lend to whom they please, and the Philadelphia banks have their reasons for declining to make loans on bills of lading or warehouse certificates. The banks in many places, Chicago for example, consider warehouse receipts or bills of lading for wheat as the best kind of security on which to make advances, while Philadelphia banks do not regard the document with so much favor. They are not so sure that it is what it purports to be; that it is not forged, or that the commodity represented by it may not be forthcoming. Consequently they are less inclined to lend as liberally as Chicago banks on the same kind of security. It may be that Philadelphia banks exercise too much caution for their own interest, as well as that of borrowers. Perhaps, if they understood the business better they would be inclined to lend more freely on such securities. But if the business interests of New York and Philadelphia have suffered from a lack of faith on the part of their banking institutions, this should be understood, and the cause for the lack or decline in trade should not be ascribed to the wrong parties. We are sure that if those who are now investigating the causes of the decline of Philadelphia's prosperity looked into the subject, they would find far more truth in what we have said than they imagine. The banks would not deny these statements, and would justify themselves in the manner explained—that they were distrustful or insufficiently acquainted with the business of lending on such securities, and preferred to lend their resources in ways that were better understood by them. But, surely, if these facts are correct, why should a railroad company be blamed as the author of a condition of things for which it is not responsible?

THE CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION.

The twentieth convention, which was held at Baltimore on the 10th and 11th of October, was called to order by President M. M. White, president of the Fourth National Bank of Cincinnati, Ohio, after which prayer was offered by the Rev. Maltbie Babcock, of Baltimore.

An address of welcome was then delivered by the Mayor, Hon. Ferdinand C. Latrobe, who in closing introduced Hon. John P. Poe, the Attorney-General of Maryland, who delivered another address of similar character, who was followed by Hon. Enoch Pratt, the veteran banker of Baltimore.

The president then delivered his annual address, and after the transaction of various items of business, the reading of papers, which had been prepared by request, was begun. We regret that we have not space to give these entire, as they would fill the entire number of the *MAGAZINE*. Perhaps there were more papers than usual of a general character, like those of Mr. Myron T. Herrick, president of the Society for Savings, Cleveland, Ohio, on "The Newspaper, Press and its Influence on Finance in 1894." Mr. D. V. Rieger, president of the Missouri National Bank, Kansas City, on "The Responsibility of Bankers to the General Public, and the Present Crisis," and of Mr. E. C. Bohne, cashier of the Third National Bank, Louisville, Ky., on "The Ethics of Banking."

One of the more noteworthy papers which was honored by a vote for its separate publication, was read by Mr. B. B. Comegys, president of the Philadelphia National Bank; the subject was "How a Banker Should Treat His Dealer and the Public; or, What Manner of Man Should a Banker Be."

It would seem that one who has lived as long as I have, if he has kept his eyes and his ears open, ought to be able to say something on the subject I have chosen, which others, at least the younger part of this audience, might be willing to listen to, if not profit by; but whether I shall be successful in this direction can only be determined when I shall have concluded these remarks.

I once wrote a few hints as to "How to treat your banker," in which I tried to give information in a very simple and practical form and in very short sentences, as to the best methods of dealing with a bank. The suggestions were very much in detail and broken into short sentences, and took up not much more space than two sides of a postal card. They were printed in the *Public Ledger*, Philadelphia (without my name) and read, perhaps, by many persons who cared little about them, and, perhaps, were of some advantage to that class who are willing to learn, from whatever source, and then they were forgotten. To my great surprise, some years after, a leaflet came back to me, printed on the reverse side of a most excellent statement, published by one of the banks in San Francisco, under the call of the Comptroller of the Currency. Still more to my surprise, several years after this it came to me again, from a leading banker of Zurich, Switzerland, in his card or advertisement, in which form he thought it worth while to reproduce these simple hints. It is, perhaps, the wide circulation given to that little sketch, which has encouraged me to take the reverse of that subject, and to try to describe "the duties which a banker owes to his dealers

and others" with whom he comes in contact. In other words, "what manner of man ought a banker to be?"

I do not know whether we shall be permitted to give the name "science" to our calling. The English venture so to describe or define it, but they add that in America it is nothing more than a scramble.

Let it never be forgotten that it is a very serious and responsible thing to take care of other people's money, whether that money is invested in shares of capital stock or left in banks of deposit. So far have the deposits outrun the capital in amount, that the stockholders contribute a small share of the means, the use of which makes the profits of banking. The shareholders and the depositors confide implicitly in the good sense, the knowledge of men and things, and especially in the integrity of those who control the money invested in or deposited in the banks. Some of the better informed or the more curious study with more or less intelligence or care, the published reports to the Comptroller of the Currency, or read hastily the weekly statements made by the clearing houses of the cities, but how little they understand the true condition of the banks! Most of them depend mainly for the safety of their property on the reputation of the managers, or perhaps, their own personal acquaintance with some of them. They are truly very confiding and deserve better treatment than they sometimes receive.

We may do what we please with our own money, if it is so entirely our own that no wife or children or other dependent ones are to be cared for; but let us remember that what is confided to our management and care by other people and belonging to them, is a sacred trust.

It seems to be almost a paradox that a certain maxim, so insisted upon by the old and the wise, namely, "avoid debt; abhor it;" and enjoined, even by an apostle, "owe no man anything;" and by the writer of the Proverbs, "the borrower is servant to the lender," should be just the opposite of the duty of a banker. The maxim for him is, "increase your deposits, get in debt to everybody, increase your liabilities."

In these remarks I shall use the words banker, bank manager and bank president as synonymous terms, although there may be shades of difference in the meaning of the titles. In every case I wish to indicate the man who is at the head of the bank, whatever he may be called. In many instances it is the cashier who stands for all this, and formerly it was much more commonly so, but in our time, in the large cities at least, it is almost always the president who is the manager, and whom the shareholders and the depositors hold responsible for the faithful administration of their property.

When it is considered that in the larger banks of the large cities far more than one-half of the discounting and money lending is done "between boards," it is very evident that the man who does this should be a man of the finest possible equipment.

It must not be forgotten that we are dealing with a commodity, the inordinate love of which and the abuse of which have wrought more destruction and ruin than all the gunpowder ever manufactured. For it is said in the best of all books, "The love of money is the root of all evil;" or, as the revised version has it: "The love of money is a root of all kinds of evil."

A banker should have some preparation for such a place as this. I do not mean that his whole life should have been spent in a bank, working through its various grades until he reaches the highest place, but that he should have had experience, at least as a bank director and as an accountant. It was the custom, many years ago, when a merchant was

unfortunate in business from no fault of his own and had no capital with which to recover himself, that his friends would start an insurance company or some institution for the sake of finding a position for him. If it was ever so with banks, it is quite out of the question now, for a bank, in a large city at least, requires the best thought, the best experience and the best training for its management that can be found.

The banker must be in perfect harmony with his directors. This is the first and most important qualification, for without this there cannot be success. He is supposed to have been chosen at first by the board to carry out their views of management, and when assured, after experience, that he is qualified for the place, they are apt to leave matters very much to him. When vacancies in the board occur it is proper that they shall be filled by persons who will be agreeable associates to every member; but the tendency to fill vacancies, in every instance, by persons in the closest intimacy with the president, should be carefully watched.

The banker should report to his directors, at their stated meetings, all that has been done since they met last which he thinks they would like to know or ought to know. I mean by this, that every piece of paper discounted and every loan of money, on collateral or without collateral, should be reported to the board at the meeting following the transaction, so that the president may be able to say to his board that they know everything that is done at bank "between boards," or may know if they attend and listen. In some banks the first thing done when the board comes to order is to report what has been done in the use of money since the last meeting; then to read the condition of the bank as to its cash and reserve, its means and liabilities; then to consider the offerings, if there are any; then to hear the minutes of the last meeting, and discuss any matters requiring the advice or authority of the directors.

A wisely constituted board will rarely find it necessary to determine questions by a call of yeas and nays. If the president is in harmony with his directors, he is not likely often to present questions which require this last resort.

A banker should be an educated man. Not necessarily a graduate of a college, for not all such are educated, as is well-known, but of such mental cultivation and such knowledge of English, if of no other language, that he can express himself in spoken words or written language so clearly that his meaning cannot be mistaken. If his opportunities at school in early life did not give him this advantage he ought to make up for it, if he can, by close study in mature life. This is most important in directing the correspondence of a bank, where the use of an obscure or inaccurate word may change the meaning of a sentence and so disturb or defeat the purpose of the writer. If this is a rare gift or acquirement, it is none the less earnestly to be sought.

There are times when, in gatherings of bank officers, it becomes necessary to have a paper drawn in the form of preamble and resolutions, or in some less formal shape, which shall express the views adopted and which it is intended to preserve and commend to others. There ought to be no difficulty in such cases in finding those who are sufficiently familiar with the use of language to do this work thoroughly well.

A banker should have an analytical mind. I mean by this, that he should be able to see through the rubbish of any statement that is presented to him. For we know that one of the most difficult duties we have to perform is to analyze statements submitted either in good faith or otherwise, when the object is to obtain money or ask delay in payment.

There are statements and statements. Figures are said not to lie, but some of us know whether figures do lie or not depends upon how they are placed, as is the case with the position of words in a sentence. It has come to be feared that many statements made by merchants, manufacturers and others are very untrustworthy, because of the excessive values which the borrower places upon his assets. Some of the most deplorable failures have occurred, notwithstanding most attractive statements have been made of the condition of the borrower. A well-equipped banker ought to know how to ask questions and how to answer them.

A banker must be thoroughly familiar with all the departments of his bank and the operations of each and its relation to the others. This knowledge is necessary to enable him to decide promptly questions as to the propriety or expediency of a certain course which may be referred to him by the heads of departments. He must have these qualifications if he is to command the respect of his subordinates.

He should know the exact relation which each customer bears to the bank and the value of his account. He should be so thoroughly informed as to be able to give a prompt and courteous reply to a dealer making a request or seeking information. A hesitating, uncertain manner, weakens the confidence of the dealer. He should be a man of good, sound common sense, clear headed, quick and accurate in his judgment, cautious and never garrulous, as he must necessarily receive much information from his customers as to their financial condition, which is strictly confidential. He must never allow sympathy or prejudice to affect his judgment.

One of the most delicate subjects that can be considered by bank managers is commercial credit. In all well constituted boards, the greatest care is used in such discussions. The matter is of daily occurrence and nothing is more difficult of disposal. Men must talk freely with each other, they must not mislead their colleagues by the suppression of truth, and yet they are handling tools of the keenest edge and the most brittle quality. If this is so in conversation at a board, how much more difficult it is to give expression to such views in correspondence. Almost every day, in a large city bank, there come from its correspondents questions as to the standing of a certain house, or individual, or corporation, and the questioner wishes to know, and, perhaps, has a right to know, what is thought of the personal character, moral and professional as well as financial, of A. B. C., whose paper is offered for sale or who is asking credit in another market. One has need to be a master of phrases to say what ought to be said without misleading, to tell the truth, without hurting. In fact, I will say what will meet favorable response in many of those who hear me when I observe that one of the most difficult of all the virtues to cultivate, a difficulty that does not grow less as we grow older, is to tell the truth.

A banker should be a gentleman. I mean by this that he should be a man of kindly, gentle manners, of good breeding, who can say "No" so gracefully that it will hardly hurt the feelings of him with whom he is talking; who can say "Yes" so promptly as to double the value of the affirmation by the manner in which it is made.

I have two examples. One is that of a gentleman who had been a successful merchant, who had been a bank director for many years, and who, under the stress of circumstances, was placed in the management of a bank. He was a person of ample means and had very strong, clear perceptions of truth and duty. He was eminently successful in his management, although he cared but little for some of the conditions which I have ventured to suggest. He was able to see, with in-

tuition, the relations of any business subject that was presented to him and came to his conclusions with rare rapidity, and they were very rarely wrong. He could hardly have been called popular, but he was so eminently good and true to his work that the absence of other qualities was slightly, if at all, noticed.

The other example, a gentleman, also a successful merchant, having had experience as a bank director, who was invited in middle life to take charge of a large bank; who was so pre-eminently gentle and kind in his intercourse with others; who was so good and pure that he was unwilling to believe anything of evil of anybody else, and who, for more than a quarter of a century, managed his bank with great success.

The integrity of both these gentlemen was of the highest character. If their good qualities could have been combined in one man there would have been, in a sense which perhaps is never seen, "strength and beauty" in bank management.

A banker must be popular. In these days of sharp competition, so much depends on the good-will of the community that a bank, to be successful, needs all good influences from without to promote its prosperity. It is not the popularity of the political aspirant which is recommended, but that general satisfaction with the sayings and doings of the banker and his treatment of others which attracts dealers to his bank and not only makes them contented in these relations but leads to commendation of the bank to other dealers.

A banker should never appropriate to his own use any commissions growing out of transactions having connection with the funds of his own bank, nor should he, for his own use, accept a division of commissions with any person for sales of securities made through the agency of his bank.

Do not let the banker carry his business home with him in a green bag or in his head, for the reason that if he expects to live long, it will be wise to vary his subjects of thought. A man who is so devoted to his business that he carries it about with him by day and by night, at home and abroad, without any counter-irritants or counter-interests, is very likely to become a one-sided man and a narrow man, and however earnest he may be, and however successful in the line of business which he has chosen, he is not likely to be broad in his views or of much use to anybody outside of his professional business.

It is hardly necessary to say that the banker ought in no sense to be a speculator; but the temptation to engage in this, that or the other investment, and the assurance of success which is promised; the ease with which he can obtain money on proper security or without security; the desire to become rich so as to be beyond the necessity of labor; the importance that one acquires in being known to be the holder of certain securities in which the public are interested, and other considerations which I need not enumerate, make the temptation to speculate on the part of the bank officer very difficult to resist.

If a banker has a pecuniary interest in any outside business, it will be prudent to have no discount line with his house, and better still, if the house keeps no account in his bank. A distinguished lawyer, while considering whether he should accept the place of Judge of the District Court of the United States, said to his son-in-law, also a distinguished lawyer of large practice, "If I accept this judgeship it is with the distinct understanding that you shall not practice in this court."

Care should be taken to treat subordinates with consideration. They are our humble brethren in the same work. Some of them may be our superiors in moral and mental equipment, in everything except

rank or position. They may be better educated, better bred, more gentlemanly than we are. They have no titles, are not advertised officers, and yet on them depends, in large measure, the success of the bank. No matter how well qualified the officers of a bank may be for their places, no matter how earnestly and faithfully they fulfill their duties, if the tellers and clerks fail in their duty, if they are ignorant or indifferent as to their treatment of dealers and others, there cannot be continued success in the prosecution of business. Let it not be forgotten that their labors are very monotonous, that the hours for business are not broken with them, as with us, by the friendly call and the cheerful conversation, that unless they are changed from post to post, as is the custom in some banks, but which the clerks do not particularly enjoy; unless there are these periodical or frequent changes of place, their round of duties is monotonous to a degree that it is not impossible for one not in the "ruts" to understand or appreciate. And it may not be impertinent here to quote two lines from some verses published a generation ago:

"The outsiders think banking is heaven ;
But it's more like — (the opposite place) ;"

especially in times of panic.

Let us remember, also, that there are comparatively few promotions. Of the twenty or thirty clerks in a bank, very few can reasonably hope to be advanced to higher or more lucrative places in their own bank by the civil service rule, or to other places by extraordinary qualifications.

This consideration opens the door to temptation. The remuneration is rarely, if ever, too generous; often it is the other way. Expenses, personal and family, even when watched closely, insensibly increase, the income is fixed, no outside occupation or interest in any business will be permitted, and the clerk, often overworked and underpaid, if not controlled by Christian principle, is exposed to the temptation of helping himself to what he may consider a just compensation; and one of the steps to this decline is this fact, which ought never to be overlooked, viz.: that the familiarity of the mind with large figures in the accountant's department and the actual handling of vast sums of cash by the teller, tend to weaken in the mind of the teller and the clerk the sense of the value of a single dollar of one's own property. It must be admitted that considering the great numbers employed in the service, the fact that nearly all are persons of very moderate means and the temptation to misapply that which they are continually handling, there is a very small proportion who go astray. When such instances occur, the statement is spread broadcast over the land, under such captions as "another bank man gone wrong," etc. But the actual number is very small.

These and other matters of a similar nature lead me to say that a wise banker will treat his subordinates with unvarying, kindly consideration. He will greet them cordially as he meets them in the morning, or as he passes their desks; he will have sincere sympathy with them in their trials and sorrows; he will not discourage free conversation, when not undignified; he will welcome any suggestions from them as to certain features in the machinery of the bank; he will never fail to recognize them as gentlemen in the street, or wherever he may meet them; in short, while maintaining his own proper dignity, he will treat them as his personal friends. It is important to know that the clerks in a bank are in more or less confidential relations with the upper officers. They hear conversations, the purport of which is never to be known outside

the walls. They are necessarily aware of transactions between the bank and its dealers, entirely right in their nature, and not in any sense in violation of law, which are of the most confidential nature and never to be spoken of outside.

In order to create and preserve proper discipline in the bank, the president, if he be the chief manager, should not attempt to manage the clerks. This property belongs to the cashier, and he ought, with the concurrence of the president, to place the clerks in their proper positions. The cashier should be responsible for the well-doing and the well-being of all who are subordinate to him, and only men of good character and good habits should be employed in the service of a bank. If the cashier is not equal to this important part of his duties, some one should be employed who is competent.

It is important to the success of a bank that close and cordial relations be cultivated with bill brokers and bankers outside of the chartered banks. In the larger cities, a possibly undue proportion of the commercial paper taken by banks comes through bill brokers. These gentlemen have their personal relations with the banks and naturally their preferences. They represent the borrowers and receive compensation from them, and the borrowers have satisfactory reasons for getting their money through the brokers; and often it is to the bank's advantage to get single name paper through the brokers rather than directly from the borrower, for the obvious reason that an unwillingness to continue or renew is free from embarrassment.

A wise banker will not allow too much of his time in the hours of business to be taken up by persons who call socially or to discuss subjects, however good and worthy, which have nothing to do with the bank. All this is very agreeable, but while thus engaged a dealer who has business matters to discuss, or a broker who has paper to sell, looks in and sees the banker engaged, and turns away to another market. So that even extreme popularity, if any of us are afflicted with it, has its limitations.

I have said elsewhere that a bank is created and sustained, not merely for the sole purpose of making money and paying large dividends to the owners of its shares, any more than it is not the chief end of the individual man to make money and become rich. It is eminently proper that a merchant, manufacturer, mechanic, railroad manager or farmer should conduct his business on high principles, dealing justly with his competitors, taking no unfair advantage of the ignorance of others, requiring faithful service and giving just remuneration; and it is the office of a well-managed bank so to administer its affairs with reference to the well-being of others, that it shall always be ready to aid, within proper limits, legitimate enterprises for the public good, not overworking or underpaying its employes, nor retaining in its employment persons of unworthy character, but holding up before the community in which it is located a model bank in all its features. The community has a right to claim this of all its citizens, and it has an equal right to claim it of all banks and other financial institutions; for all the money in the country, except what is in the Treasury of the United States or in the pockets of the people, is in the custody of banks, trust companies or bankers, by whatever name they may be called, and it is of the utmost importance that the business of such institutions should be conducted by men of high personal character.

When banks send out drummers, who go through the country calling upon bank officers in the towns, flaunting their own statements (not emphasizing dead wood concealed therein) and contrasting them with the statements published by the city correspondents and reserve agents

of the banks they are calling upon, and always, of course, to the prejudice of said reserve agents, is it not pertinent to ask whether these Napoleons of finance are contributing anything to the honor or dignity of the business in which we are engaged?

Gentlemen of the American Bankers' Association, fellow workers in a good cause, we have the custody, the control of thousands of millions of money. The enormous aggregate of our business may well give dignity to the position of those who administer trusts so sacred. If some who have been engaged in the same work have forgotten their obligations and abused their privileges, and met the consequences, let it make us all the more sensitive to our duty. If there are those in our positions now engaged in concealing or falsifying statements and facts and figures, let them remember that if not brought to account and exposed and punished here, there is a final audit which none can escape.

Finally. Many of us are in the afternoon of life, and our faces are turned toward the rapidly declining sun. We have seen the most and the best of life, our places will soon be filled by others, for the world cannot do without banks and bankers. Let us so live and discharge the duties of our high office, that those who come after us shall find nothing in our records difficult of explanation and nothing requiring apology.

Another paper of great practical interest to bankers was on "Profit or Loss on Bank Accounts," by Mr. James G. Cannon, vice-president of the Fourth National Bank of New York, the larger portion of which is given here:

The success of a bank depends very largely upon its depositors. It may be never so well organized, possess a large capital and a substantial surplus, but it cannot properly be called a successful bank unless it has the confidence of the public to such a degree that deposits will flow to it as the result of such confidence; otherwise it would simply perform the functions of a loan office, handling only the money of its stockholders.

Although it is true that banks cannot succeed without deposits, yet many institutions, in their mad rush for business, are putting forth every effort to augment their deposit lines seemingly without considering whether the accounts secured are profitable.

The banker should carefully guard against the temptation to sacrifice profit for show. A large deposit line is not necessarily indicative of prosperity or good management, but many bankers aspire to the accomplishment of this end without counting the cost. We should so handle our business that every account in our banks will yield, directly or indirectly, a fair return. The banks must in some way earn a profit; if not, they will neither afford satisfaction to their stockholders nor reflect credit upon the management.

The value of a bank account is largely determined by the net average balance which it carries. The question is, also, an important factor; for an account that is active in its character necessitates additional labor, which is, of course, an item of expense and diminishes the profits; and, if the account be not a satisfactory one in point of balance, it will be readily seen that it costs more than it is really worth. It is the policy of many depositors to maintain only such balances as are absolutely necessary to keep their accounts in funds; and they apparently lose sight of the fact that a bank does not partake of the nature of a benevolent institution, that it has been created for business purposes, and is entitled to some remuneration for the services it renders.

As previously stated, the success of a bank is dependent to a very large extent upon the funds placed in its keeping; and, if these be not ample, it has not sufficient money to loan, and consequently is unable to reap its legitimate reward.

Depositors, as a general rule, do not fully comprehend what services their bank performs for them, and in the community at large there appears to be very little real knowledge of the system employed by banks in conducting their business. The vast majority of depositors have but an indistinct idea of the actual cash value of their accounts to a bank, and I venture the assertion that few indeed could give an intelligent opinion on the subject.

In the State of New York, a bank is firmly bound by its recognition of the genuineness of the depositor's signature, even though it be forged. The bank is absolutely obligated, as against its depositors, to ascertain if the indorsements on all depositors' checks or drafts upon it are genuine, although upon a forged indorsement the bank has recourse to the bank to which it has made payment through the Clearing House, if the checks be paid in that way, unless the indorsement of such bank or any preceding party appears to have been made for collection only, and the proceeds of collection have actually been paid to the preceding party before reclamation is made. The bank is, in like manner, bound, and has similar recourse, in all cases where a check or draft has been raised, or where the date has been altered, with the view of accelerating its maturity.

All the items which are received by the New York banks, and collected through the Clearing House of that city, are subject to reclamation from the banks paying such items in all cases of alteration of any character such as I have mentioned, and the liability continues for six years.

Concerning out-of-town checks, drafts or notes, deposited for collection or credit, the law of New York State is, that a bank is liable not only for the fraud or negligence, but also for the solvency of the correspondent bank to which it transfers an item for collection, including any errors made by the notary of the correspondent bank as to charging prior parties upon the paper by due presentment, protest and notice. This responsibility covers not only the acts of the next bank to which the item is sent for collection, but also those of each succeeding bank or agent into whose possession the paper may pass. I am aware that the law is not uniform in all the States; and it may be that a bank would sometimes find itself under liability for the acts of its agents or sub-collecting agents in cases in which it had no recourse where its own correspondent was located. I state these facts, gentlemen, not with the view of communicating information, but that I may bring forcibly to your attention the great risks incurred by banks in dealing even with honest men, and the vigilance they must constantly exercise to guard against fraud and loss by some of their many collecting agents and employees. It seems to me that we should see that our depositors and customers are made thoroughly conversant with the responsibilities we assume, and the duties we discharge for them and the general public. When this is accomplished we will have fewer unjust complaints concerning banks and banking interests.

One of the first subjects which presents itself to the banker's mind in ascertaining the value of a depositor's account is that of country checks. I am aware that this is a time-worn theme both in and out of bankers' conventions, but it is my candid opinion that it has been treated heretofore too much from a theoretic standpoint. Country checks are certainly here to stay, and all practical bankers must cope with the question as it is—not as they would like to have it. So long as our out-of-town correspondents can induce their dealers to deposit money with them and send checks on their home bank to the neighboring cities in payment of their debts, two purposes are served, viz.: The banks receive an

increased line of deposit during the time the checks are outstanding; and when returned they have an opportunity to charge for their collection. If all the merchants in the city of Baltimore, who sell merchandise throughout the country, would insist that payment be made by draft on Baltimore; if the merchants of New York City would require the liquidation of all bills in New York exchange; and if a similar policy were to be pursued in other large centers, the whole country would be the gainer, as it would serve to place business upon a firmer and better footing, and there would be floating in mid air fewer credits, more or less fictitious, consisting of country checks. Notwithstanding all these facts, however, it is useless to deny that the country check is a source of power to the large city banks. Competition in banking circles is more keen now than ever before; and the officer who has this branch of his business well in hand can command accounts from certain sections of the country, because of the amount and volume of his out-of-town checks.

This is no good reason, to my mind, why a bank's customers should not in a majority of cases pay the cost of collection. Few depositors are aware that after a series of careful computations the average life of a country check has been estimated to be six days; and that the actual cost of collecting a miscellaneous lot of such checks, including time and exchange, is about $\frac{1}{4}$ of 1 per cent. Hence, when depositing these items with their bank (which nine times out of ten receives them as cash, giving immediate credit therefor, and thereby allowing them to draw against the same) customers very often compel the bank to handle them at a loss.

For the purpose of ascertaining, with a reasonable degree of accuracy, the value of a depositor's account, based upon the balance carried as well as the volume and amount of country checks deposited, one of our leading New York City banks has adopted the following method:

Upon sheets ruled off into twelve columns, with a space at the top in which to write the name of the customer whose account is under consideration, are entered all checks as they are received over the counter or from country correspondents, who are requested to list their out-of-town checks upon separate letters, in order that they may be more easily transferred. The columns—three of which pertain to the items and nine to the cost of collection—are designated as follows, viz.: "Date," "Place Where Payable," "Amount," "Par," "7 Days," "3 Days," "Days," "1-20," "1-10," " $\frac{1}{8}$," " $\frac{1}{4}$," and "Special."

In the first column is entered the date on which each item is received; in the second, the place where payable; in the third, the amount; in that marked "Par," those items upon which there is no cost of collection either in time or exchange; in the columns designated "7 Days" and "3 Days," those items which require the time denoted by their respective titles before returns are received; while in the next succeeding column are placed the items requiring more or less time than that indicated by the two preceding ones; the four columns headed "1-20," "1-10," " $\frac{1}{8}$ " and " $\frac{1}{4}$ " show the actual cash cost for the exchange of the items listed therein, and in the last column are entered the items upon which the cost of collection differs from that of any of the foregoing. The results noted at the bottom of the sheet show the total number of items, and the amount thereof, as well as the different rates covering the cost of collection.

The sheets are continued to the end of each month. The average balance of the depositor's account is then taken from the ledger, and from this average balance is deducted 25 per cent., which (under the operation of the National Bank Act) must be retained as reserve on all net deposits; from this net balance so ascertained must be taken the

average amount of country checks which have been outstanding during the month, this being arrived at by multiplying the amounts listed in the several columns covering the time cost by the different number of days as stated, adding the products thus obtained and dividing the sum total by the actual number of days in the month. This process will determine the depositor's actual working balance in the bank.

Of course, in arriving at the value of a bank account, one should not take into consideration the amount of excess of reserve which a bank carries, for the reason that if you retain such excess it is not chargeable to the depositor; and it is not his fault, but that of the bank officers, and may be rendered advisable by the condition of the times, which may be such that it would not be prudent to invest the money of the bank more closely. He should be credited with the full value of his account, the same as if the money were all in use with the exception of the 25 per cent. reserve, less, also, of course, the average amount of the false credit produced by the country checks. We have now arrived at a basis upon which to compute the profit or loss on the account.

Every well-regulated bank should have carefully prepared by its discount department a weekly analysis of its loans and discounts and the different rates which they are earning, from which the average rate per month on all the loanable funds in the bank can be determined. The account should be credited with the interest at the average rate upon the actual working balance for the month, to which should be added all charges for exchange which the bank has made to its depositor during that time. The result will be the gross income upon the account for that period. From this amount should be deducted the actual cash which has been paid out for effecting the collection of country checks; and if the account be an interest-bearing one, the interest allowed for the current month should also be taken from the gross income, you will then know whether the account is yielding a gross profit or a loss.

We have now taken into consideration, in analyzing the account, all the cash factors which are possible, with the exception of the expenses, of rent, clerk hire, postage, etc. It is very difficult to arrive at a conclusion which will even approximately apportion to any given account the amount, for instance, of the cashier's salary with which it is chargeable. It seems to me that the only way by which one can arrive at the net profit to be derived from an account is to ascertain, first, the gross earnings of the bank for any given month; then, what the percentage of expenses for that period is to the gross earnings. As we have already calculated the gross profit on the account, we can deduct from such gross profit the proper proportion of expense with which it should be debited. The difference will show the net profit.

I have endeavored briefly to show that it is possible to determine with reasonable accuracy the gross profit on every account in a bank, and experience has demonstrated that profits calculated year after year on this are very close to the actual results.

BANK CIRCULATION.

The most important work of the convention was the submission and discussion of a plan for securing elasticity to the paper circulation. A report on the subject was made by Mr. Charles C. Homer, president of the Second National Bank of Baltimore, in which he said:

"The subject which we have determined to give the most prominent position in our deliberations at this session is one that has occupied the closest attention of the students of finance for many years, and which, from the occurrences of the past eighteen months, has forced itself upon every man and woman of our land.

"The plan that we propose for the creation of a safe and elastic currency is the outcome of the careful thought and practical experience of the observant business men of conservative Baltimore, as expressed through the members of the Baltimore Clearing House Association. After most deliberate conference our association has formulated a plan, which, it feels confident, will meet the requirements of the times.

"It is not an individual idea or hobby, but it is a recommendation, which carries with it the unanimous indorsement of our entire clearing house. I am not presenting solely my individual views upon this all-important subject, but am the chosen mouth-piece, the channel, through which its solution, as unanimously recommended by our association, shall be conveyed throughout the land.

"We claim no novelty or originality for the plan which our clearing house association has delegated me to present to you, and which it hopes may meet with the approval and advocacy of yourselves and of our entire country. It is, to some extent, patchwork, into which conservative Baltimore has woven what seemed to it to be the safest and most practical of the many suggestions of financiers upon this important subject.

"In our investigations we have used as our search-light the requirements of commerce, and have applied as a test the demands of our people. Having lived and prospered for thirty years under the influence and blessing of the National banking system, which supplies every requirement except that of elasticity, we have aimed to outline an amendment which would not dwarf its good features, but which would supply the one 'lacking ingredient' to make it as perfect as lay within the limited power of human ingenuity and experience, and which would be so broad and so liberal as to invite all State banks to come within its fold.

"We do not offer this plan as a completed amendment to the present law, but simply as the outline of desirable legislation, embodying the underlying principles necessary, in our judgment, for the creation of a safe and elastic currency. It is not our intention to disturb the existing modest bank circulation, if it shall be deemed to be to the best interest of the Government and the banks to continue the same for the present.

"Our currency must be supplied by the banks, not by the Government. The latter notes only the condition of trade by the rise or fall of its revenue receipts. The banks are the arteries of commerce, feeling instantly the changes of commercial activity and intimately acquainted with its volume and requirements. The muffled sound of loading cotton in the South, the clattering rill of the grain bin in the West, the grinding noise of the steam shovel in Mesaba, are almost instantly converted into dollars at the financial centers of our country.

"Hence, our currency must be elastic, stretching out over the broad expanse of business activity, able to supply its fullest wants, and contracting again, as the strain of commercial vitality relaxes. It requires no demonstration or argument to prove that a flexible currency, responsive to the demands of commerce, can never be obtained, so long as the institution issuing the same is required in advance to invest as much money or more in securities to be deposited as the circulation which it is allowed to issue upon the same, amounts to. To be elastic, it must be based upon credit, and the institution issuing the same must have for its sponsor the necessary Government regulations, supervision and examinations.

"By allowing the banks to issue circulation to the extent of 50 per

cent. of their paid-up, unimpaired capital, ample provision is made for the very fullest requirements of trade. The history of the State banks of our country furnishes convincing evidence of the correctness of our position.

"To provide, however, for very extraordinary currency demands such as confronted us all in 1893, we propose to permit the issue of an additional 25 per cent., to be known as emergency circulation, subject to a severe tax. This tax, so large as to deprive circulation of profit, would prove a safeguard against constant expansion, and would cause the prompt retirement of circulation as soon as the urgent necessity for its issue ceased.

"Its mission would be similar, but of broader utility, to that of clearing-house loan certificates, which performed such effective service last year, and by whose use immeasurable losses and ruin were averted. The tax must be markedly severe, otherwise the banks in times of panic would find themselves in a helpless condition, having already exhausted the reserve forces supposed to have been provided for such emergencies.

"The redemption of all notes should be made by the Government, so that the noteholder would not have to wait one moment for the redemption of any bill he might hold, nor be at a loss as to the place of its redemption, nor the certainty thereof.

"Our currency must be safe. The 'Guarantee Fund,' as suggested by us, is more than ample to protect the noteholder as well as the Government from any possible loss. An interesting statement, prepared by our friend, the Hon. A. B. Hepburn, during his comptrollership, shows that if there had been no bonds at all as security for circulation, the total loss to this fund, since the organization of the National bank system, would have been only \$953,000."

The plan presented by us reads as follows:

Outline of the proposed amendments to the National Banking Act, for the purpose of establishing a safe and elastic National currency:

Sec. I. The provision of the National Banking Act, requiring the deposit of bonds to secure circulating notes hereafter issued, shall be repealed.

Sec. II. Allow the banks to issue circulating notes to the amount of 50 per centum of their paid-up, unimpaired capital, subject to a tax of one-half of one per centum per annum, upon the average amount of circulation outstanding for the year; and an additional circulation of 25 per centum of their paid-up, unimpaired capital, subject both to the tax of one-half of one per centum per annum and to an additional heavy tax per annum upon the average amount of such circulation outstanding for the year; said additional 25 per centum to be known as "Emergency Circulation."

Sec. III. The tax of 1 per centum per annum upon the average amount of circulation outstanding shall be paid to the Treasurer of the United States as a means of revenue, out of which the expenses of the office of the Comptroller of the Currency, the printing of circulating notes, etc., shall be defrayed.

The excess over one-half of one per centum of the tax imposed upon the "Emergency Circulation" shall be paid into the "Guarantee Fund." referred to in Sec. VI.

Sec. IV. The banks issuing circulation shall deposit and maintain with the Treasurer of the United States a "Redemption Fund" equal to 5 per centum of their average outstanding circulation, as provided for under the existing law.

Sec. V. The redemption of the notes of all banks, solvent or insolvent, to be made, as provided for by the existing law.

Sec. VI. Create a "Guarantee Fund" through the deposit by each bank of 2 per centum upon the amount of circulation received the first year. Thereafter impose a tax of one-half of one per centum upon the average amount of outstanding circulation, the same to be paid into this fund until it shall equal 5 per centum of the entire circulation outstanding, when the collection of such tax shall be suspended, to be resumed whenever the Comptroller of the Currency shall deem it necessary. The notes of insolvent banks shall be redeemed by the Treasurer of the United States out of the "Guarantee Fund, if it shall be sufficient, and if not sufficient, then out of any money in the Treasury, the same to be reimbursed to the Treasury out of the "Guarantee Fund," when replenished either from the assets of the failed banks or from the tax aforesaid. National Banking Associations, organized after this plan shall have gone into operation, may receive circulation from the Comptroller of the Currency, upon paying into the "Guarantee Fund" a sum bearing the ratio to the circulation applied for and allowed, and the "Guarantee Fund" bears to the total circulation outstanding, and to be subject to the tax of one-half of one per centum per annum, as called for by the Treasurer of the United States for the creation and maintenance of this Fund. No association or individual shall have any claim upon any part of the money in said "Guarantee Fund," except for the redemption of the circulating notes of any insolvent National Banking Association. Any surplus or residue of said "Guarantee Fund" which may be hereafter ascertained or determined by law, shall inure to the benefit of the United States.

Sec. VII. The Government shall have a prior lien upon the assets of each failed bank and upon the liability of shareholders, for the purpose of restoring the amount withdrawn from the "Guarantee Fund" for the redemption of its circulation, not to exceed, however, the amount of failed bank's outstanding circulation after deducting the sum to its credit in the "Redemption Fund" (Sec. IV.), already in the hands of the Treasurer of the United States.

Sec. VIII. Circulation can be retired by a bank at any time upon depositing with the Treasurer of the United States lawful money in amount equal to the sum desired to be withdrawn, and, immediately upon such deposit, the tax indicated in Sections II., III. and VI., shall cease upon the circulation, so retired.

Sec. IX. In the event of the winding up of the business of a bank by reason of insolvency, or otherwise, the Treasurer of the United States, with the concurrence of the Comptroller of the Currency, may, on the application of the directors, or of the liquidator, receiver, assignee, or other official, and upon being satisfied that proper arrangements have been made for the payment of the notes of the bank and any tax due thereon, pay over to such directors, liquidator, receiver, assignee, or other proper official, the amount at the credit of the bank in the "Redemption Fund," indicated in Sec. IV.

The President: The discussion will now be opened by the Hon. A. B. Hepburn, ex-Comptroller of the Currency, and now the president of the Third National Bank of New York, whom I now have the pleasure of introducing to the convention. (Applause.)

ADDRESS OF HON. A. B. HEPBURN.

The underlying principles of the currency plan presented by the bankers of Baltimore are :

First—A currency to serve public and private needs must be National, good throughout the nation.

Second—A perfectly safe currency can be provided without stock or bonds as security.

Third—No currency can be elastic that is secured by bonds, since the cost of the bonds exceeds the amount of currency that can issue.

Fourth—The experience of the Dominion of Canada, the statistical history of the National banking system during a period of thirty-one years in this country, shows conclusively that the first lien upon a failed bank's assets, including stockholders' liability, together with a moderate safety fund, affords ample protection to bill holders and the Government that guarantees such notes.

Sound money advocates, relying upon the impregnability of their position, until aroused from their lethargy by the dangers that culminated in the panic of 1893, were for a period of years quiescent. On the other hand, the champions of silver, with mines to work and a commodity to market, and the representatives of debtor communities, have sounded and resounded the demands of increasing trade and growing population for more money. They struck a responsive chord in the honest conviction of many, in the personal want of more, a personal want that somehow imagines that with a plethora of money more would fall to their portion, without pausing to reflect that none could fall to their portion except they have an equivalent to exchange in form of labor or property of some kind.

The political action of both parties, expressed in party platform and statute law, representing not honest conviction but a desire to placate and capture the "more money" and the "silver" votes, is responsible for a conviction that has become ingrained in the minds of many, that there can be no increase in our circulating medium except it comes through some form of silver legislation. They say, "Opposed to free coinage? What are you going to do? Population and business are increasing, our currency should increase in the same ratio. The Government should not issue more fiat money. State bank circulation is fraught with danger. National banks cannot supply currency because Government bonds as security are fast being retired. We must resort to silver as the only alternative."

The action of the bankers of Baltimore, so ably presented to this convention, and for which they deserve the thanks of the nation, is a complete answer to all this, and Mr. Chairman, it is a timely answer. With the Republicans of California and the Democrats of Ohio demanding free coinage of silver, at the ratio of sixteen to one, and varying shades of the same sentiment finding public and party expression in different localities, it is imperative that this convention of bankers formulate the principles upon which they believe the currency of the country should be founded.

We have now in use gold and silver certificates representing actual coin on deposit. We have greenbacks and certificates representing greenbacks on deposit. We have silver warehouse receipts issued under act of July 14, 1890, in use as money, and also National bank notes. Gold certificates are like Bank of England notes, which, with the exception of twenty million pounds, represent actual gold on deposit. Silver certificates are the paper proxy for so much coin in the vaults of the Treasury, and which, notwithstanding it was the "dollar of our daddies," could not be coaxed into circulation. The greenback is a non-interest bearing, forced loan of doubtful constitutionality, and could only be held legal as a war measure. The notes issued under the act of 1890—Sherman Law—were given in payment for a commodity which the Government did not want, and for no other purpose than to placate the silver interests and furnish a note to circulate as money. They are

better than the Bland dollar (act of February 28, 1878) because at the time of issue they represented a gold dollar's worth of silver. The Bland dollar never did.

In response to this demand for more money, which was supplied through silver legislation, we have coined since 1878 four hundred and twenty-five millions of silver dollars, which we have forced into circulation either directly or through their paper representatives, besides about one hundred and fifty millions of dollars of Sherman notes, so called. The bullion value of that dollar to-day is \$.4944. The severest reflection upon our silver coin is the fact that a counterfeiter can reproduce the genuine, both as to quality and intrinsic worth, as well as to form and design, so the Mint Bureau could not detect the difference, and still make more than 50 per cent. profit by so doing. The following table is instructive:

Total coinage of silver dollars under act of February 28, 1878.....	\$378,166,793
Total cost of silver bullion used in such coinage.....	308,279,291
Seigniorage or apparent profit.....	69,887,531
Bullion value of silver used in such coinage at present market price.....	186,207,289
Difference between actual cost and bullion value at present market price..	122,071,972
Bullion purchased under act of July 14, 1890, cost.....	155,931,002
Market value of such bullion at present price.....	107,832,037
Depreciation of value in same.....	48,098,965

(Mint Bureau, October 1, 1894.)

From these statistics it appears that in addition to the more serious damage to general business and our credit as a nation, our silver legislation represents a loss to the people of this country from depreciation in value of \$170,170,937. That round sum represents the price of our homage to silver. It is in sharp contrast with the \$73,000,000 paid into the Treasury by National banks as a tax on circulation, and more than \$700,000,000 as a tax upon deposits.

Of all the time-worn fallacies, there is none more venerable or vulnerable than the omnipresent attempt to create wealth or pay debts by legislation. The alchemists of old who sought to turn other metals into gold, never paused to reflect that success in their efforts would make gold no more valuable than the baser metals thus subject to their power. The sense of commercial honor, from citizen up to the Government, which forbids the repudiation of one's just obligations, is the distinguishing feature of our present civilization. The free coinage of silver at the ratio of sixteen silver dollars to one gold dollar of present weight and fineness, means a dollar commercially worth less than fifty cents, but by the fiat of the Government made to pass for one hundred cents. It means that the seigniorage or apparent coinage profit, *i. e.*, the difference between the cost of the silver bullion, in open market, and the face value of the money into which it is coined, shall hereafter inure to the benefit of individuals and not the Government.

It means that an individual may take one hundred dollars' worth of silver bullion to the mint, and, coinage free, obtain silver dollars with which to pay two hundred dollars' worth of debt, and would thus mean the repudiation of 50 per cent. of existing indebtedness. The sagacious instinct of trade would correct such wrong, as to future contracts, by doubling the price of commodities. It means an inflation of prices without an increase of values. It means that the \$600,000,000 of gold now in circulation would go to a premium, would cease to be money, would become a commodity simply, whether coined or uncoined. It means a contraction of our currency equal to the amount of gold which ceased to circulate as money. It means a general unsettling of values, the demoralization of business, a great injustice to present creditors. Just what the effect would be upon business interests for each business

to have one-half of its bills payable and one-half of its bills receivable virtually repudiated, is a matter for speculation, and I trust the good sense and honesty of the country will forever leave it in the realms of speculation.

Both the Bland law and the Sherman law injected into circulation a fixed amount of money monthly, without regard to wants of commerce. However great the demands of trade, they could not increase such amount one jot or tittle. And since the Government can only put out money in payment of debt, or in exchange for value, this criticism of absolute want of elasticity must apply to any Governmental currency. It can never be responsive to the varying wants of commerce. The proper money function of the Government is set forth in the constitution. It is given the power to coin money and regulate the value thereof, a power withheld from the States, and there I believe its function of creating money should end. I believe that all paper money, under proper restrictions, should be issued by the banks. Thus, and thus only, can an elastic currency be obtained. Our present bank note currency possesses all the good qualities except elasticity. No currency secured by stock or bonds can possess that quality. Now, in order to issue \$90,000 circulation, a bank must pay \$114,000 for bonds, and deposit a redemption fund of \$4,500. And instead of increasing their means for helping their customers and the public, by the transaction they lock up \$19,500 and diminish their power to aid the public by that amount.

All propositions for bond security contemplate maintaining the value of such at least 10 per cent. in excess of the currency issued, and the power of the bank taking out such circulation to aid the public is by such percentage diminished. A currency to be elastic must be issued against credit. Banks must have power thus to create money. In no other way can currency be elastic. In no other way can it meet the wants of commerce. From the very nature of things the Government cannot give such a currency. The banks can, and the banks only can with prudence and safety be allowed to do so. There is no more money in the country in 1894 than there was in 1893. Now money clogs the vaults of our banks and begs investment at a lower rate per annum than the premium offered, one year ago, for a single service, and which failed to lure it from hiding in safes and vaults. Any volume of currency may prove inadequate in a panic. Still, had the Canadian law obtained in this country in 1893, the National banks could, under its provisions, have added over \$500,000,000 to the currency of the country, and with such a law a currency famine would hardly have been possible.

An elastic currency is needed not alone in times of distrust, but in course of ordinary business. The harvesting of the cotton crop calls for an extraordinary amount of money in the cotton belt. Currency is brought from money centers to supply this need. Currency in that section is expanding. Under the system proposed by the Baltimore bankers the banks in the cotton region could largely supply this local demand and to such extent save the expense of expressing money from money centers. The cotton crop having been moved, the demand for money lessens, and by the inexorable law of supply and demand the currency contracts, flows back to money centers.

The business of modern banking is done with other people's money, the want of one section of the country or of one depositor being supplied from the surplus of another, and this expansion and contraction is going on all the time in different sections of the country.

The proposed law outlined by the bankers of Baltimore follows closely

the Canadian law. The Canadian law embodies many good features from the National Bank Act and from the British and Scottish currency laws. It provides for the issuing of currency up to the par of paid in, unimpaired capital. The Baltimore plan allows only 50 per cent., and in an emergency, 75 per cent. The Canadian currency is redeemed out of a 5 per cent. guarantee fund contributed and maintained by the banks. The Government assumes no responsibility beyond the application of this guarantee fund. There has been no loss to bill holders and the law has given satisfaction. Canada has been peculiarly free from panics for many years, and has had no currency famine. Thus the principles of the bill before us are approved by actual experience.

Now let us examine our own experience since the creation of the National banking system. I am indebted to Comptroller Eckels for the following figures :

Average annual circulation of National banks, 1864 to 1894	\$282,801,252
Outstanding circulation of failed National banks.....	17,819,541
Cost to the general Government on account of National banks as shown by the books of this office.....	\$7,610,169
Additional estimated cost.....	7,732,914
	<hr/>
Tax of $\frac{1}{4}$ of 1 per cent. for 31 years.....	\$15,343,083
Tax of 1-5 of 1 per cent. for 31 years.....	\$21,917,093
	17,533,674

In regard to which he says in reply to my letter :

"These figures verify your conclusions to the effect that a tax on outstanding circulation of one-fifth of one per cent. would have repaid the cost of the National banks to the general Government, and also that a tax of one-fourth of one per cent. would have redeemed the notes of all failed National banks—in fact, a tax of two-fifths of one per cent. would have been ample to meet both the cost of that system and the redemption of the notes of failed National banks."

(Signed) JAMES H. ECKELS, Comptroller.

If an annual tax of two-fifths of one per cent. would suffice to defray all expense and redeem every note of every failed bank for the past thirty-one years, a 5 per cent. guarantee fund is certainly ample to protect the Government against loss in guaranteeing the redemption of notes under the proposed law. But as further evidence let me read the following letter from Comptroller Eckels :

September 27, 1894.

"In further answer to your letter of September 13, you are respectfully advised that the loss to the general Government on account of circulation of failed National banks, up to January 1, 1894, had there been no bond deposit, would have been \$1,139,253. Of this amount \$958,247 represents the loss by banks whose trusts are still open and may pay further dividends, thus reducing the amount last named. The tables showing the full amount of dividends paid by all failed National banks, are not yet completed, but an examination of the accounts of each trust develops the fact that there would have been no loss on circulation other than above indicated. This statement applies to all failures down to January 1, 1894."

(Signed) JAMES H. ECKELS, Comptroller.

Under present laws the Government is bound to redeem all notes of all failed banks, and is given a prior lien upon the assets of the failed banks to reimburse such payment. With this law in force and without bonds to secure circulation, the Government would, during this thirty-one years, have lost not exceeding \$1,139,253. An annual tax of three-hundredths of one per cent., upon circulation, would have covered this

loss. Surely, a 5 per cent. guarantee fund will make the notes proposed in this plan perfectly secure.

The experience of thirty-one years of our nation's history, years replete with many periods of depression, yet, withal, characterized by marvelous growth in population and unprecedented commercial and financial development—certainly constitutes a safe criterion upon which to base legislation for the future. The experience of other nations as well as our own demonstrates the safety, the wisdom, the necessity of a currency based upon the principles embodied in the proposed plan.

Under present laws State banks may be converted into National banks, by conforming to the requirements of the National Bank Act, in any State of the Union, and, per contra, any National bank may change to the State system. It is of no consequence from what authority a bank receives its charter. It is of the first importance under what by-laws and statute laws it conducts its business. And, in respect to the proposed circulation, there can be no objection to a State bank receiving circulation, providing, as a condition precedent, they are required to submit to examinations by the Comptroller of the Currency, make the five reports required, annually, by him of National banks, keep the same reserves, have the double liability of stockholders, submit to all supervisory regulations, and conform to all requirements so as to place the circulation issued to State banks exactly on a par, with respect to safeguards and security, with circulation issued to National banks. It were better for them to change into the National system, say you. I think so, but I can see no objection to their receiving circulation, providing that circulation be made National, and possesses all the safeguards of National bank currency. The dual supervision could do no harm, and might be productive of good results. The value of a currency depends upon the area, or extent of commercial territory, in which it will be accepted in satisfaction of debt. Confine its power to a single State and you depreciate its value. The danger that a single State may exploit unsafe currency will compel the scrutiny of all, and will police our country with money-changers, and handicap individuals and commerce with a wholly unnecessary embarrassment. It is not enough that a bill be good within the State and sure of redemption—it must be current throughout the nation.

The business of banking consists in swapping a well-known credit for a less-known credit. If the well-known credit be a check or draft, it is used for a special purpose and within business circles. If the well-known credit be in form and semblance of money, a United States citizen is entitled to have it good, as money, throughout the United States.

History and experience point the wisdom of a National currency under National control. Neither reason nor experience, nor convenience, nor public good would justify the creation of local currency. Let us examine the application of this proposed law. There were \$346,681,016 of greenbacks and \$151,609,267 of Treasury notes (Sherman law) and \$207,564,458 of National bank notes in circulation and in the Treasury on October 1st; total \$705,854,741. The National banks have in round numbers \$700,000,000 capital. Hence, under the proposed law, allowing circulation equal to fifty per cent. of capital, the banks could, and undoubtedly would, take out \$350,000,000 of circulation, an increase of \$150,000,000 over the present amount. The incorporated State banks have \$250,000,000 capital; and should they, by conversion to the National system or otherwise, take out circulation, it would add \$125,000,000 more. Certainly sufficient for immediate wants, and, being elastic,

there is no danger of plethora, as it would flow back to the bank of issue whenever redundant.

Should Congress provide at any time for the retirement of the greenbacks or Treasury notes, contraction may be prevented by increasing the percentage of bank note circulation. All experience and all statistics prove a currency issue equal to par of unimpaired capital is absolutely safe.

By means of extensive correspondence with every considerable place in the country, I obtained statistics which justified the estimate, that during the currency famine of 1893 there was issued, in clearing house certificates to be used in settling balances, certified checks, certificates of deposit and cashier's checks, in round amounts, intended to pass as money; due bills from manufacturers and other employers of labor; and also clearing house certificates in round amounts (in instances as small as twenty-five cents), all designed to perform the function of money, to the amount of \$100,000,000. They were issued against credit, and circulated as money upon the credit of the party issuing the same. In other words, the want of elasticity in our currency system was thus partially supplied. The Government was powerless to afford relief. Its currency was as unresponsive to the wants of trade as the pyramid of Cheops. Some banks borrowed United States bonds from savings banks and other institutions, and took out circulation; but no bank could buy bonds and take out circulation without aggravating instead of relieving the money stringency.

We want legislation that will enable the banks to do, under proper restrictions and wholesome safeguards, what private firms and manufacturing corporations did do without restriction, except the possible liability to the ten per cent. tax. The issuing of currency is a banking prerogative, and the interests of the public demand legislation that will enable the banks to afford such relief when necessary.

This reasoning brings us to the conclusion that our currency should be based upon the principles which underlie the plan proposed by the bankers of Baltimore, and I trust the convention will go on record as indorsing the same.

And for the purpose, Mr. President, of bringing this matter properly before the convention, I now move that as a convention we indorse the principle that underlies this proposed plan, and recommend legislation along the lines therein laid down.

Mr. Tracy: I second the motion.

The President: Gentlemen, are you ready for the question? All in favor of the motion will say aye; opposed, no. Carried.

Other papers were read by Mr. Herman Justi, president of the First National Bank of Louisville, Ky., on "Obstacles in the Way of Wise Financial Legislation," and by Mr. Thomas B. Paton, on "The Varying State Laws Governing Commercial Paper." The convention was also addressed by Hon. James H. Eckels, Comptroller of the Currency.

After the transaction of other business the convention elected the following officers:

President—J. J. P. Odell, president of the Union National Bank of Chicago.

First Vice-President—J. C. Neely, cashier Merchants' National Bank of Chicago.

Executive Council—Myron T. Herrick, Cleveland; Herman Justi, Nashville; Thomas P. Beall, Boston; Henry W. Yates, Omaha; H. W. Wheeler, Seattle; J. Edward Simmons, New York; W. C. Cornwell, Buffalo.

Vice-Presidents—One from each State and Territory :

Alabama—E. B. Young.	Montana—C. K. Cole.
Arizona—M. T. Murphy.	Nebraska—N. S. Harwood.
Arkansas—Jacob Trebe.	Nevada—R. S. Osborne.
California—S. G. Murphy.	New Hampshire—O. C. Hatch.
Colorado—G. E. Roslyne.	New Jersey—E. M. Douglas.
Connecticut—F. N. Benham.	New Mexico—R. J. Hellen.
Delaware—G. B. Winchester.	New York—H. C. Brewster.
Dist. of Columbia—G. C. Henning.	North Carolina—A. G. Brinzer.
Florida—Byron H. Barnett.	North Dakota—S. S. Lamb.
Georgia—Robert J. Lowry.	Ohio—Robert McCurdy.
Idaho—C. Bunting.	Oklahoma—J. W. McNeal.
Illinois—M. T. Blount.	Oregon—J. J. Valentine.
Indian Territory—C. L. Anderson.	Pennsylvania—Conrad B. Day.
Indiana—James H. De Horthy.	Rhode Island—J. W. Valentine.
Iowa—W. E. Coffin.	South Carolina—Andrew Simpson.
Kansas—Leigh Clarke.	South Dakota—William Van Ness.
Kentucky—John H. Leathers.	Tennessee—J. A. Ormsburg.
Louisiana—James H. Hayden.	Texas—M. T. Jones.
Maine—Edward Stetson.	Utah—H. S. Young.
Maryland—Charles C. Homer.	Vermont—E. S. Smith.
Massachusetts—B. B. Hallett.	Virginia—John S. Elliott.
Michigan—A. B. Robinson.	Washington—Henry Oliver.
Minnesota—A. C. Anderson.	West Virginia—Jacob S. Jameson.
Mississippi—M. R. Britton.	Wisconsin—Charles Best.
Missouri—D. V. Rieger.	Wyoming—H. G. Hay.

The next convention will probably be held at Atlanta, Ga.

NEW YORK STATE BANKERS' ASSOCIATION.

At the convention in Saratoga it was proposed that secondary organizations, to be known as "groups," should be formed throughout the State. These groups were to be composed of banks within convenient distances, and were arranged as follows: Group No. 1 in Buffalo, Group No. 2 in Rochester, Group No. 3 in Elmira, Group No. 4 in Syracuse, Group No. 5 in Utica, Group No. 6 in Albany, Group No. 7 (comprising all the banks in Westchester County, Putnam, Rockland and Dutchess counties) in this city, at the Lincoln National Bank, and Group No. 8 in Brooklyn.

The New York Group, No. 9, embraces banks in New York and Richmond counties. Representatives of these banks held a meeting at the Clearing House recently, and out of ninety-six banks entitled to join the movement in the two counties, nearly eighty of them have availed themselves of the privilege.

Mr. James M. Donald, cashier of the Hanover National Bank, was chosen permanent chairman, and Stuart G. Nelson, vice-president of the Seaboard National Bank, became secretary. The organization was completed by the appointment of the following committees, to serve throughout the present year:

Executive Committee—James M. Donald, R. L. Edward, president Bank of the State of New York; Joseph C. Hendrix, president National Union Bank; Thomas L. James, president Lincoln National Bank; William P. St. John, president Mercantile National Bank.

Arbitration Committee—James M. Donald, Theodore Rogers, president Bank of the Metropolis; A. B. Hepburn, president Third National Bank.

Committee on Uniform Action—Joseph C. Hendrix, George D. Meeker, cashier National City Bank; Joseph S. Case, cashier Second National Bank.

Reception Committee—William P. St. John, president Mercantile National Bank; John T. Mills, Jr., cashier Chase National Bank; James Christie, cashier Liberty National Bank.

Committee on Protection Against Crime—R. L. Edwards, Wm. A. Nash, president Corn Exchange Bank; William H. Perkins, president Bank of America.

Committee on Press and Publication—Thomas L. James, William Milne, cashier People's Bank; H. P. Doremus, cashier Chatham National Bank.

In order to give practical bearing to the plan at the beginning, questions for discussion were suggested. One of them touched the importance of requiring uniform statements from customers of banks. Another question related to methods to be pursued by the organization to prevent crime against its members. When these subjects had been fully presented they were referred to committees, which will report upon them with the view of the adoption of satisfactory plans at the next meeting.

THE BROOKLYN AND LONG ISLAND GROUP.

Group No. 8 was organized in Brooklyn and Mr. John G. Jenkins, president First National Bank, was chosen president, Chas. A. Sackett, secretary, and James A. Brush, treasurer. The appointment of committees was left to the president, who was to notify the members of the group of his action later.

The organization of a local clearing house was another matter mentioned for future consideration. The object was to facilitate the collection of checks. One member, from the Sag Harbor Bank, explained that it often required over a week to collect a check. To illustrate, he said: "A customer of my bank deposits with us a check on a Woodhaven bank, for instance. We send that check to our correspondent in New York; that bank sends the check to its correspondent in Brooklyn, which bank sends it to some banking institution out on the island, by which bank the collection is made. A week has elapsed before the return is made to us." It was decided to authorize the president to appoint a special committee of five, of which four members should represent out-of-town banks, to consider this question and report a plan to obviate the delay.

BUFFALO BANKERS FORM A COUNCIL.

Council No. 1 of the State Bankers' Association met at Buffalo, and effected an organization by the election of A. D. Bissell, vice-president People's Bank, Buffalo, as permanent chairman, and John A. Kennedy, cashier Niagara Bank, Buffalo, secretary and treasurer. Council No. 1 is composed of the bankers in the counties of Erie, Chautauqua, Cattaraugus, Genesee, Niagara, Orleans and Wyoming. There are 71 banks in this council, and the central point of meeting is Buffalo. Hereafter the council will meet on the third Saturday of September, December, March and June. The chief objects of the organization are to promote the general welfare of banks and banking institutions, to secure uniformity of action in this State, and to protect banks from loss by crime.

GROUP NO. 2 OF ROCHESTER.

The first meeting of Group No. 2 was held at the Chamber of Commerce, Rochester. Delegates were present representing banks in Avon, Canandaigua, Dundee, Geneva, Honeoye Falls, Lima, Mount Morris,

Newark, Penn Yan (all three banks), Seneca Falls, Victor and Waterloo. Officers were elected as follows: Chairman, W. J. Ashley, vice-president Merchants' Bank, Rochester; Secretary, W. G. Mitchell, cashier Bank of Monroe, Rochester.

Executive Committee—H. B. Hathaway, president Flour City National Bank, Rochester; P. T. Sexton, president First National Bank, Palmyra; H. Struble, president Yates County National Bank, Penn Yan; T. F. Olmsted, cashier Genesee Valley National Bank, Genesee; W. J. Ashley, vice-president Merchants' Bank, Rochester.

Committee to Report on Plan for Uniform Statements from Bank Customers—H. Struble, president Yates County National Bank, Penn Yan; F. H. Hamlin, president Canandaigua National Bank; N. H. Becker, cashier National Exchange Bank, Seneca Falls; A. M. Holden, Honeoye Falls; C. H. Palmer, assistant cashier Traders' National Bank, Rochester.

A PLAN FOR AN ELASTIC CURRENCY.

Experience of the present day demonstrates beyond controversy that no currency can be elastic that is based upon stock or bonds as security. If a bank is compelled to invest as much or more money, in the purchase of securities as a basis for circulating notes, as the notes it in turn is authorized to issue, their power to relieve the community by issuing bank notes is destroyed. Such a currency does not possess and never can possess elasticity. For instance, a National bank in order to issue \$90,000 circulation first purchases \$100,000 United States 4 per cent. bonds at 114 in order to secure the same. It is also required to keep 5 per cent., or \$4,500, on deposit with the United States Treasurer as a redemption fund. Hence, by investing \$114,000 in bonds and depositing \$4,500 with the Treasurer, they are able to put in the hands of the public \$90,000 circulation. Instead of relieving a money stringency they actually aggravate it. The present National currency system was devised during the war for the purpose of supplying the fiscal needs of the Government, in the great trial to which it was subjected. It was designed to provide for the Government a market for its bonds, and the large profits then existing upon circulation necessarily made the National banks the greatest purchasers of the Government securities. With bonds at that time being constantly issued and selling in the vicinity of par, the currency supply was ample. As the bonds used as a basis increased, the currency increased, but with the tide turned, and the interest-bearing indebtedness reduced from \$2,833,033,315, August 31, 1865, to \$635,042,520 at the present time, all these restrictions thrown about circulation are still retained. The Government no longer needs to coerce purchasers of its bonds. The people do need an elastic currency that shall increase in volume responsive to the demands of trade, and flow back into the vaults of the banks issuing the same as the demand for money relaxes.

Over 90 per cent. of the business transactions are represented by checks or drafts, some form of credit as substitutes for money, and our present currency system gets its only elasticity by being thus supplemented. But when credit is withheld, elasticity ceases, and a currency famine ensues. This was demonstrated in the panic of last year. The currency famine induced banks to issue certified checks in round sums, which passed from hand to hand as money. Even manufacturing concerns did the same thing, demonstrating that in order to respond to the increased demands of trade, banks should be allowed to create money—issuing notes against credit. The National Bank Act should be so

amended as to do away with the requirement of United States bonds, or any other security as a basis for circulation. That this can be done with entire safety to the bill holder and the community, as a whole, is easily demonstrated by the history of the National banking system. The entire cost to the general Government on account of the National banking system up to October 1, 1892, was \$14,535,000. An annual tax of one-fifth of 1 per cent. on the outstanding circulation would have repaid this cost. The total issue of National bank notes outstanding at the date of the failure of the 181 National banks that had failed prior to November 1, 1892, was \$16,840,850. An annual tax of one-fourth of 1 per cent. would have redeemed all these notes. Had there been no bonds required, as security, during all this period, and the Government been required to redeem the notes of all failed banks immediately after such failure, and been given a prior lien upon the assets of such failed banks in order to recover itself for the money advanced in redeeming such notes, the entire loss, during this period of thirty years, would have been \$953,667. An annual tax of less than one-sixtieth of 1 per cent. would have made good this loss to the Government. Having done away with the bonds as security for circulation, each bank should be required to keep on deposit with the United States Treasurer an amount of money equal to $2\frac{1}{2}$ per cent. of its outstanding circulation for the year. This to be known as a safety fund, and out of this fund the notes of all failed banks to be redeemed, the fund to be restored by means of the Government's prior lien upon the assets of the bank, including stockholders' liability. In case, through this prior lien, the Government is unable to fully restore to this redemption fund the whole amount advanced, then such deficit to be charged against the general fund and the loss borne by the banks *pro rata*.

The experience of the National banking system for thirty years ought to be and is a good criterion by which to judge and test a proposed law. The above statistics show conclusively that such a currency would be absolutely safe and would be so regarded by the public. Safe, because this fund thus provided and maintained would be constantly available out of which to redeem the notes of the failed banks. Whatever loss the banks should thus sustain would be recompensed by their profits in taking out circulation. All this should be in addition to the revenue tax of one-half of 1 per cent. which they are now required to pay to the Government for the privilege of issuing circulation. Banks should be allowed to issue circulation to the amount of 75 per cent., or par, of their paid-up, unimpaired capital, as determined and certified by the Comptroller of the Currency. Any bank going into voluntary liquidation, or desiring to retire its circulation, should be permitted to withdraw its proportion of such a safety fund.

I believe the Government ought to confine itself to the coinage of gold and silver, and that the paper money should be furnished by the banks. Greenbacks are a forced loan, a non-interest bearing debt, and it is fair to presume that the United States, like all other debtors, will eventually pay off. The coin notes issued under the act of 1890 are supposed to be redeemed eventually by the silver for which they were exchanged. We have now existing five different kinds of paper money—gold certificates, silver certificates, Treasury notes, under the act of the 1890, greenbacks (so-called) and National bank notes, these in addition to gold and silver coin. The Government should coin money, and the banking institutions of the country should furnish the paper money. The Government would then be free from all present embarrassment on account of maintaining a proper reserve to protect its outstanding paper money. We should have but one kind of paper money, uniform in its

character and equally good in all parts of the nation. This proposed law is no experiment; it is practically the Canadian law of to-day, which copied the valuable features of the National Bank Act and also the Scottish and British currency laws. With such a law the currency famine of last year would have been impossible.

This general subject is the one I should have discussed if it were possible for me to be present at your convention. I trust the matter will be called prominently to the attention of your convention, and would be very much gratified indeed if they could adopt resolutions in substantial accord with the proposed action of the American Bankers' Association. I shall take pleasure in sending you, as soon as formulated definitely, a syllabus of the proposed scheme. Pardon me for addressing you thus at length; my interest in this matter be my excuse.—*Letter of Hon. A. B. Hepburn, President of the Third National Bank of New York, to the Nebraska Bankers' Association.*

[An outline of the proposed amendment to the National Banking Act, for the purpose of establishing a safe and elastic National currency will be found under the account of the American Bankers' Association convention.]

DISCUSSION OF MR. HEPBURN'S PLAN.

A committee composed of the following gentlemen was appointed to consider the Hepburn scheme and report to the convention: Messrs. N. S. Harwood, Lincoln, Neb.; Henry W. Yates, Omaha, and Edward Updike, of Harvard, Neb., all of the executive council; William Wallace, Omaha, Neb.; F. M. Rublee, Broken Bow, Neb., and Geo. E. Cheney, Creighton, Neb.

The committee reported as follows. By Mr. N. S. Harwood, president First National Bank, Lincoln, Neb.:

Mr. President—At the request of the committee appointed to consider the Hepburn scheme, it has decided that this convention has not the time to devote to this question to enable it to say definitely that it approves exactly of the scheme, therefore, I have prepared and the committee has authorized me to introduce the following resolution, and the committee moves its adoption:

"That we are in favor of such amendments of the National banking law as will retire the United States bonds as a basis for circulation and the substitution therefor of some plan, which while preserving all of the present law safeguards will afford an opportunity for legitimate expansion to meet the exigencies and emergencies of business, and we hail with greatest satisfaction the prospect that some plan of this character will be matured and presented to Congress for consideration of the American Bankers' Association soon to assemble in convention at Baltimore."

By the President: Gentlemen, you have heard the resolution and a motion for its adoption; are there any remarks; do you wish to discuss the subject?

By Mr. I. M. Raymond, of the American Exchange Bank, Lincoln. Mr. President: I do not wish this association to go on record as being in favor of abolishing our National banking system, and I wish to be counted as being against retiring United States bonds as a basis for circulation, and following a will-o'-the-wisp theory. I move this matter be postponed, as I do not think we are ready to take up a question of such importance at this time. I would like to see the question deferred, for a time at least.

By Mr. N. S. Harwood. Mr. President: This is a scheme that has been suggested by a man who made a very able Comptroller of the Currency; this is not a scheme to do away with the National banking system, but simply surround it with some measures which time and experience have shown are necessary to protect it. The same plan was adopted as a war emergency, not for the purpose of establishing banks; not for the purpose of a scheme for banking as the only scheme, but to afford material for the purchase of specific bonds. Under the present system, in order to start a National bank of \$100,000 capital, we have first got to pay out \$114,000 for our bonds, which each year become less valuable. After depositing with the United States Treasurer 5 per cent. of \$4,500 we are able to put in the hands of the public \$85,500 of our \$90,000 circulation. There is no way to increase our currency so as to increase the circulating fund. In other words you have to pay out more than you get back each time. You pay out your money to increase your circulation. We have lived for more than thirty years under the National banking system; we know what it costs; we know what the loss is. Mr. Hepburn has shown us that during the whole experience of the National banking system the total loss to the Government is but \$16,000,000, and there has been taken from the National banks alone as a tax on their circulation \$72,000,000. Will not this amount compensate the United States Government for all the loss it has been to by reason of the failure of banks? This scheme is based upon a guarantee fund, which will make the currency holder and the holder of bills absolutely safe. The Government still redeems the bills as it has heretofore; it is perfectly safe in doing this because it pays it out of the guarantee fund. The country needs more currency; and instead of giving all our money for Government bonds and getting back less than we had before, we get 25 per cent. additional as an emergency currency. Now here is a plan which will create legal tender notes or actual currency to meet these emergencies. After these years of experience, and after the panic is over, cannot we, or ought we not, adopt a currency which will meet the needs of the necessary business? People feel at times that they are pinched for money with which to transact the necessary business of the country. Every fall we are hampered for currency, therefore I think we might be permitted to issue emergency currency that would meet all demands. I believe in the National banking system to a certain extent; it has its imperfections and is not equal to cope with an emergency, and I hope this convention will take some action tending to bring about a change, a change that would bring about a safe and more elastic currency.

By Mr. Henry W. Yates, president Nebraska National Bank, Omaha, Neb. Mr. President: I agree with Mr. Harwood in one respect. I believe that a circulation based on the Government funds has outlived its usefulness, and the time has come to dispense with it. A system of circulation such as we have is not what is wanted, yet I do not believe the Government should redeem any notes except those issued by itself. Under the plan submitted by Mr. Hepburn, the notes must be redeemed by the Government, just as it now redeems National bank notes. This makes the currency absolutely safe, as it ought to be, but this is accomplished by the Government's guarantee, and I do not believe Congress will ever pass a bill granting such privileges to private corporations. If it redeems any notes, it must be those only issued by itself.

Mr. I. M. Raymond—It occurs to me that a system of currency and banking, such as is followed to-day, is a good system. It has carried us through one of the greatest panics that has ever existed in these United States, and it proved to be good in that trying time. It has been a good

system in times of war, and it has been a good system in times of peace. The National bank currency of America stood well during the panics of 1873 and 1893. No holder of a National bank note has ever questioned its solvency or intrinsic value. I say the National banking system has been the standard of these United States ever since its adoption, and I would hesitate a moment before making a change. I am not in favor of surrendering the National banking system of currency and taking up a system of I. O. U's. I think this is a question to which we should give mature deliberation and not pass upon it suddenly. I think the National Banking Act should be amended, but the main features should be maintained. There is no currency too good for the people to hold; they should never be permitted to lose one cent on the currency of this country. Can we issue a currency which is any better than Government bonds? I think every one in this room will, or ought to agree with me, that they are the best thing possible that can be used as the basis for a circulating medium. If it is good to-day, why do we want a change? The National banks are making lots of money out of it, why do they want a change?

By Mr. Harwood—Do you know of any that are making money?

Mr. Raymond—Yes, sir; lots of them. If there were no money being made, there would soon be a change; they would not stand it long, but would go into some other system. I know there are certain parties who have always opposed the National banking system of the United States. I think the National Banking Act ought to be amended. In the first place, a National bank should have the privilege of issuing to the par value of the bonds it purchases. There should be a National bond created for National banks as a National circulation. If you wish to base your banking system and circulation on credit, I know of no other institution that has a better credit than the Government of the United States, and if the circulation is absolutely guaranteed by the Government of the United States, we have a currency that will always go at par. Instead of doing away with the National banking system, I would prefer to see all banks made National banks, and allow the small banks the privilege of working under the National banks. I say, of all schemes that would be detrimental to the National banks, would be an elastic, or expansive, currency. We want the present currency, no matter whether panics overtake us or not. It is a want of confidence in the banks and not the present system of currency which brings about disaster to the banking institutions of this country. I believe it would be well to tax National banks to protect depositors, but I am not in favor of doing away with the main features of the National banking system as it stands to-day.

By Mr. Wm. Wallace, cashier Omaha National Bank. Mr. President: I am positive that Mr. Raymond's system would drive all National banks out of business, while Mr. Hepburn's scheme only purposes to expand the circulation. This resolution does not indorse the Hepburn proposition at all, but favors certain amendments to the National banking law, and I sincerely hope this convention will adopt it.

Mr. Raymond—Now, if we can so amend to the National Banking Act so that we can withdraw our circulation, I should want to do it and keep it withdrawn. Our currency is based on something good—it is something that everyone will take. As I have stated before, I would be willing to indorse a resolution for the amendment of the National Banking Act, but I am not in favor of retiring Government bonds as a basis for circulation, and destroying our present banking system.

Mr. Harwood—It is evident that Mr. Raymond does understand this resolution; nothing is said in it with regard to wiping out the National

banks—simply creating another guarantee for the circulation; just as effectual; just as competent as the Government. There was one great trouble with the National bank system, it was absolutely made so burdensome that the banks cut down their circulation and lost money; it is expensive and there is no profit in it. I believe every National bank would go out of business to-day if it were not for the fact that the words "National Bank" have some prestige, and should they all go out of business, others would come in and start National banks to gain prestige. No; this resolution does not adopt, as Mr. Wallace has said, the Hepburn plan, or any specific plan, but it is simply putting ourselves in accord with what we believe would be a much better plan.

Mr. M. T. Barlow—I would like to indorse what Mr. Raymond has said in regard to the National Banking Act, in some particulars; I think it would be rather hurrying matters to so suddenly wish to discard a system which has served us well for so many years. I think if we could get the National Banking Act amended, permitting us to issue currency to the face value of bonds deposited, we would all be taking out currency. I am opposed to any change that will abolish Government bonds as the security deposited for National bank circulation. We can now deposit bonds and get extra circulation when necessity requires; at least, it was done in 1893. The trouble is not with our system of currency, for it is a safe one. Let us not recommend that it be abolished, but amended. I would not like to see 3,000 bankers taking out currency without they are willing to put up something for it. I am pretty well satisfied with the currency as it now stands.

Mr. Wm. Wallace—Mr. Barlow must not forget that 1907 is not far distant, and in 1907 our bonds that are issued will be taken care of.

Mr. Barlow—I have had my eye on 1907, and I know about how far it is away. We have a number of bridges to cross before we get to 1907, and I think we should wait for another convention or two and allow ourselves a little time to think over this proposition before recommending radical changes.

Mr. Raymond—I do not for a moment suppose that the Government in 1907 will be in shape to pay off its bonded indebtedness. I would like to see the National Banking Act amended, but I do not wish to support an amendment that will practically destroy our National banking system and our present currency.

Mr. Harwood—it does not do anything of the kind whatever; it simply withdraws the currency in circulation and substitutes some other plan, which, while preserving all the present safeguards, will give opportunity for an expansive currency.

C. C. McNish—As I understand it, this resolution is based on a proposition to retire the principle of issuing currency on United States bonds, and proposes to substitute something which will take the place of them. Now, we have lived under the present system for thirty years and it has stood well, and as far as the National banks are concerned, I think they are able to exist and make money and pay their dividends, if not, they can go out of business and incorporate under the State laws. Now, according to this resolution, you will go to work and destroy a circulation based upon Government bonds and substitute something else; what are you going to do? Mr. Harwood says the Government will guarantee these notes and redeem them; Mr. Yates believes differently; it seems to me that it would be foolish to adopt such a resolution at this time.

Mr. F. M. McGiverin—I think some of the gentlemen did not hear the Hepburn bill read or they would not think as they do.

Mr. Yates—I rise to a point of order. The Hepburn bill is not in this

controversy, and Mr. McNish is mistaken in saying that the committee reported in favor of the plan, and notwithstanding this fact Mr. Harwood and myself differ concerning its operation. If the committee had concluded to report in favor of that plan, it would have so reported, but as a fact it compromised differences by the resolution offered which neither approves nor disapproves of the Hepburn plan, but simply decides upon certain agreed facts and the necessity of formulating some plan of currency, if we are to have any at all, and expresses the hope that some such plan will be matured and presented for the consideration of the American Bankers' Association soon to assemble in Baltimore.

The Chairman—The reading of the Hepburn plan does not seem to be required under the resolution.

The resolution was finally adopted.

BANK RESERVES.

In the report of the Comptroller of the Currency for 1893, he refers to this subject as follows: "Not less attention has been attracted during the present year to the subject of lawful money reserve to be held by the banks than to that of Clearing House loan certificates, and the discussion provoked has been as widespread. The evident theory of the law is that a bank shall always have on hand such an amount of lawful money as will enable it, under normal conditions of business, to meet the current demands of its depositors. A careful examination of Sec. 5,191, U. S. Revised Statutes as amended, will show that it is expected that emergencies will arise under which this fund will fall below the legal requirements. This contingency is distinctly recognized by the plain provisions contained in the section named, prescribing what shall be done whenever the lawful money reserve of any banking association shall be below the amount of the required percentage of its deposits." While the report of our State Banking Commissioner for the past year is silent upon this subject, yet it is true, I think, that he has interpreted and applied the law of the State with reference to reserves in a very similar manner. To the ordinary man, a bank's reserve is something that must not be touched even though its use might be the salvation of the institution that owns it, and perhaps his own. Such was evidently the interpretation of the Populist Senator from Kansas that introduced a resolution in the Senate in the midst of our recent panic, directing an inquiry by the Comptroller of the Currency concerning the reserves of New York banks. If, however, that panic demonstrated anything, it has demonstrated the lack of elasticity to our bank loans as well as to our currency, and the rigid regard to the limitations of bank loans in times of financial trouble, and the general use and utility of bank reserves and Clearing House certificates in supplying what the former lacks. This condition was the experience of nearly all banks holding commercial and demand deposits, as I will further show by submitting some statistics compiled from the reports of the Comptroller of the Currency and our State Banking Commissioner, covering the period from May 4, 1893, to October 3, 1893, and from October 3, 1893, to July 18, 1894:

The table shows that on May 4, 1893, the State banks of Michigan held as reserve funds, $18\frac{1}{2}$ per cent., 6 per cent. of which was cash in banks, and $12\frac{1}{2}$ per cent. in balances due from banks. The National banks held $23\frac{1}{2}$ per cent., $12\frac{1}{2}$ per cent. of which was cash on hand, and 11 per cent. due from banks. On October 3, 1893, the State banks held as

reserve 20 per cent., 8 per cent. in cash and 12 per cent. due from banks, and the National banks held as reserve 30 per cent., 16 per cent. in cash and 14 per cent. in balances due from banks. The last report of July 18, 1894, shows the State banks holding 21 per cent. reserve, $7\frac{1}{2}$ per cent. cash on hand, and $13\frac{1}{2}$ per cent. in bank balances; and the latter 30 per cent. reserve, 14 per cent. in cash on hand, and 16 per cent. in bank balances.

ONE HUNDRED AND SIXTY STATE BANKS OF MICHIGAN.

Date.	Net Deposits.	Reserves.	Per Cent. of Reserves.		
			In Banks.	In Cash.	Total.
May 4, 1893..	Commercial. \$27,485,113.89	Savings. \$38,762,180.61	\$8,297,217.01	\$3,892,100.59	\$12,189,407.60
Oct. 3, 1893..	21,280,894.31	33,502,444.44	6,825,307.78	5,473,799.13	11,399,106.91
July 18, 1894..	22,748,417.74	33,966,815.23	7,691,186.74	4,279,990.62	11,971,177.36
			12½	6	18½
			12	8	20
			13½	7½	21

ONE HUNDRED NATIONAL BANKS OF MICHIGAN.

Date.	Net Deposits.	Reserves.	Per Cent. of Reserves.		
			In Banks.	In Cash.	Total.
May 4, 1893..	Commercial. \$45,910,059.62	Savings. \$4,974,474.07	\$5,631,158.61	\$10,605,632.68	
Oct. 3, 1893..	34,428,555.76	.....	4,693,615.92	5,610,002.35	10,303,618.27
July 18, 1894..	39,220,911.66	.....	6,153,593.33	5,432,636.32	11,586,229.65
			11	12½	23½
			14	16	30
			16	14	30

Net deposits are obtained by deducting due from banks, exchanges, checks and cash items.
Reserves include National bank notes, but not nickels and cents.

Referring to the report of our State Banking Commissioner (page 7) for the year 1893, we find that the State banks suffered a shrinkage of deposits between May 4 and October 3, 1893, of \$10,777,000, or 16 per cent., while the National banks suffered a shrinkage of \$9,169,000, or about 20 per cent. That commercial deposits in all banks being largely the accounts of business men, non-interest bearing and payable on

demand, were the ones to suffer the greatest shrinkage, especially after savings banks resorted to time, and the further fact that National banks are used almost entirely as reserve agents for all banks in the interior of our State, readily explains the difference in the percentage of decrease between the State and National banks. The phenomenal and complimentary feature of this situation is the withdrawal of \$20,000,000 of deposits within six months from the banks of Michigan, and still leaving the reserves larger at the close of that time than at the beginning.

To those of you present and those engaged in banking in Michigan, no greater compliment could be paid you. Four things, in my opinion, made this condition possible: First, variety of resources, both natural and artificial, which we as a State possess; second, the quality of your assets, showing the great care with which loans have always been made; third, the intelligence of our people, for which the bankers are largely responsible; and fourth, the wisdom of your bank managers, meaning proper regard for existing laws, both written and unwritten, in the conduct of your business.

The Commissioner of Banking of our State refers to this in his report of 1893, in the following very complimentary manner: "Although the year covered by this report has been one of unusual distress and disaster to banking corporations throughout the United States, I am pleased to report that Michigan's State and National banks, with four exceptions, have withstood the financial strain which carried down so many banking institutions in other States, and to-day stands as a monument to the intelligence of our citizens, the honesty and integrity of our banking officers, the financial ability of directors, and the excellence of our State and National banking laws."

While there were several localities in the State and numerous illustrations outside of the inability to strictly maintain at all times a lawful money reserve, yet it is in this that the utility of bank reserves are now better understood and their importance illustrated.

Let us now so far digress from the question of reserves proper, as to examine the changes in deposits during the periods from May 4, 1893, to October 3, 1893, and from October 3, 1893, to July 18, 1894.

On May 4, 1893, the table shows that the commercial deposits in both State and National banks were \$73,305,000, as against \$38,762,000 held in savings banks as savings deposits. The ratio of savings deposits to commercial deposits were at this time as \$1 to \$2.15. The table further shows a shrinkage of commercial deposits in State and National banks between May 4 and October 3 of \$16,686,219.58, as against a shrinkage of \$5,259,736.17 of savings deposits; or, in other words, the withdrawals were in the ratio of \$3.17 of each dollar of commercial deposits to one dollar of savings deposits. It is here demonstrated why the commercial banks must carry strong reserves, and a reasonable explanation is made for the large variation between the reserves held by State and National banks. In the experience of the past year it is shown as well in active banking as in the closing of banks through receivers, that the commercial banks are also easiest and quickest to liquidate, and the first to recover from financial depression. This condition naturally suggests a question which I think proper to ask at this time: Will not depositors from this time forward make a greater distinction between the two kinds of banks, to the extent that if they can get a certificate of deposit at the same rate of interest in a commercial bank payable on demand, they will choose it rather than a savings bank pass-book subject to payment at the option of the bank? In other words, is it longer doubted that the same laws that govern savings banks and trust companies do not apply to National and commercial State banks in so far as the bank's reserves are con-

cerned, the nature of their assets, and in their relations to depositors? I venture the statement that 3 per cent. interest on deposits in commercial banks which it has been demonstrated must carry larger reserves by reason of the business contingencies and demands which they are expected to meet, is equal to 4 per cent. on time deposits in savings banks, with the advantages that now exist in the present law in favor of the latter.

I am the friend of conservative, honest banking methods, whether State or National, and believe in honest competition; but I also believe that the two kinds of banking, whether the banks are all eventually organized under the State law or National law or if they remain as at present under both, should be separated and confined each to its proper sphere, and the people educated as the relations of one to the other and the value of both to the State. I have given very little thought so far to the question of lawful money reserves. Suffice it to say that in this State all organized banks outside of Detroit are required to carry but 15 per cent. of their deposits as a reserve, of which 6 per cent. shall be cash on hand, and 9 per cent. may be bank balances; while in Detroit, which is a reserve city, 25 per cent. is required under the National law and 20 per cent. required under the State law, one-half of which in each case is required to be in cash on hand, and the remainder can be held in bank balances. With reference to savings deposits, the State laws make a distinction, and require but 5 per cent. to be kept on hand, the balance, 10 per cent., to be deposited in banks approved by the Commissioner or invested in United States bonds. Those who promoted the passage of our State banking law did themselves credit and the people a good service, but in the distinction between the cash reserve required on commercial and demand deposits and savings deposits, they admit the force of my argument.

Applying the law to the deposits as they are reported on July 18, 1894, we find the legal reserve required in Michigan was but \$15,390,000, and that the banks held \$23,557,470, or \$8,167,000 in excess, or money subject to investment. How long this condition will exist is problematical and immaterial. The recent panic has demonstrated the ill effects of surplus money in the amount of worthless outside paper that, under a condition we regarded as healthy, found its way into Michigan banks, and later your profit and loss account. With the earning capacity of banks reduced by low rates of discounts on domestic loans, the question is one for your solution whether, as a matter of safety and profit, you are not practically forced to a reduction of interest on all deposits? I am glad to announce that in certain localities something has already been done in this direction, and that there are also some banks in Michigan that have never paid interest on deposits, and they are usually strong in reserves, strong in good assets, and profitable to the stockholders. I will, in conclusion, ask your indulgence to one other feature of "Bank Reserves."

As I have above stated, Michigan banks had as reserve on July 18, 1894, \$23,557,670, and of this amount \$13,844,780 was balance due from banks approved by the Comptroller and Banking Commissioner. This was a fraction over 14 per cent. of the total deposit held by the banks at that time. A situation is here disclosed in this one item of bank reserves that makes all banks in our State and National system dependent rather than independent, and as therefore worthy of much consideration. The Bank of England and its branches is said to be strong because of the uniformity of its methods and the harmony in the conduct of its business. So, also, are the banks of Canada; while we, with our independent associations, each selfishly striving for business, have primarily but one

tie that binds us together, and that is this division and distribution of reserve funds. Even though it only operates as between country banks and reserve cities, it has been demonstrated that while it is in the power of the Bank of England and its branches to save Baring Bros., and by so doing save Great Britain, and of the Bank of France to relieve the Bank of England and save Europe, that this division of our reserves did so govern the action of the banks of New York, of our own metropolis and other reserve cities, as to make it possible to save this country, and with it much of value to all of the world. The power exercised by bank reserves should, therefore, never be deprecated. Every eleemosynary institution in the United States holds a reserve. There is not a lodge, or association, or society that does not hold some reserve in its treasury; insurance companies, school districts, and municipalities carry funds in reserve. These funds and the reserve of each corporation and person are your deposits, for which you alone who manage banks are responsible, and carry the only real cash reserve held.—*A Paper read by George H. Caldwell, National Bank Examiner, at the Convention of the Michigan Bankers' Association.*

CONSERVATIVE BANKING.

It would be presumptuous to attempt to instruct the members of this association in the principles as applied to banking. The thought is in every mind that conservatism is profitable in the long run, and it hardly seems necessary to refer to the subject here or now, but, in future years, when the memory of our recent experiences has been somewhat blurred, we may be tempted either to violate the principles of sound banking ourselves, or to countenance such violation on the part of others, and it is well now to give utterance to our thoughts on this subject, so that we may have the record of our present convictions for guidance hereafter. To define conservatism in banking is no easy task. It must not be thought of as the synonym of fogginess, or as the antithesis of progressiveness. The conservative banker will not hesitate, by reason of his conservatism, to employ such improved methods as the best men in his profession may be able to suggest, nor will he refuse to avail himself of any really good thing, simply because it is new. He holds on with one hand to that which is good, but he will not hesitate to reach forth with the other for that which is better. Enlightened conservatism does not manifest itself in stubborn adherence to old methods, but in constant striving after certain rather than brilliant results. The conservative man weighs all changes carefully. In the business world, as in the natural universe, though both are ruled by inflex laws, the grouping of causes which produce business results is changeable as the kaleidoscope, and, at least to our finite minds, assume the semblance of change. The conservative man then weighs these so-called changes with the utmost care; the speculator and the gambler, it is true, do the same; but while the speculator and gambler are willing to risk all they have in the hope of making large gains, the conservative man is willing to forego a small advantage for the sake of avoiding the possibility of a large loss. The speculator gambles on a chance—the conservative business man hedges against it. It would be almost useless to enter into details of this subject, or to attempt to illustrate by incidents or example; the experience of every Nebraska banker during the last three or four years will furnish illustrations without number.

Beginning with the partial loss of crops in 1890 and the Baring panic in the latter part of that year, we are comforted by conditions that startled us. Though the experiences of that season were not altogether comforting, yet in the light of subsequent events they were doubtless of no small advantage to this State and to others similarly situated. The financial stringency that then prevailed caused us to scan more closely the worth of credits and securities; to challenge the values that had been placed on certain classes of property; to apply the touchstone of convertibility to certain classes of assets; to question whether certain enterprises were not being devolved unduly as compared with the development of our chief industry—agriculture—and to apply the test of liquidation in doubtless many cases. But to whatever extent liquidation may have gone in consequence of the conditions then prevailing, subsequent events proved that it was far from complete, and we found that there awaited us a still more severe ordeal in the panic of 1893. The effects of financial disorder in Argentine and Australia and the efforts of Austria to place its currency on a gold basis, had exerted serious influences on American finances. What effects these influences might have had at some other time must, of course, be largely a matter of conjecture. At this particular time the country found itself at the culminating point of nearly twenty years of apparent prosperity. This prosperity had been interrupted, it is true, by occasional waves of depression, but still these twenty years formed a period that, on the whole, had been one of almost continuous apparent progress. Our prosperity had been of such a character as to attract investments of vast sums of money on the part of foreign nations. Though many of these investments were in the form of stocks and long time bonds, yet their ownership abroad, as far as the settlement of foreign balances was concerned, was almost tantamount to the existence of an obligation to pay on demand. That far the greater part of this property was real is no doubt true, but it is no less true that no small part of it was fictitious. Cities were built, railroads were constructed and commodities produced—not for the population that was here to-day, but for that which was expected to-morrow; values were assigned to real estate, not at a price at which it could be used to-day, but at that at which it was thought it would command when the coming hosts arrived on the morrow. The great industrial companies were capitalized and their stocks bought and sold, not on the basis of their actual worth, but on the basis of what it was supposed they could earn by supplying the wants of future prosperous millions. Misled by inflated values, the insolvent fancied himself a millionaire, basing his investments and expenditures upon that theory, and whole communities similarly deceived rushed into expenditures they should have avoided or at least postponed for years. At the same time grave doubts arose as to the character of the medium in which our circulation, and consequently the vast amount of credits not specifically payable in gold would ultimately be redeemed; the utmost uncertainty prevailed as to the details of the tariff policy that was about to be inaugurated by the new administration, and to add to our perplexities and cut off our hopes of relief there was the almost hopeless lack of elasticity in our circulating medium. What disaster was wrought throughout the United States by these disturbing elements is a matter of history with which we are all familiar.

That banks and similar institutions should meet with their full share of trouble at such times was to be expected. As dealers in credit they stand between the debtor class on one hand and the creditor class on the other, receiving that part of the community surplus means that it is

unwilling to attempt to invest on its own account, and advancing it to the borrower in such sums and at such times as needed. And when values decline, when the solvency of reputable firms is questioned, when checks and drafts, the medium through which so large a share of our exchange is made, become discredited, and the burden of effecting our exchanges falls so heavily upon our circulating medium, when panic and confusion takes the place of order and regularity, the bank, even if its own solvency is assured, stands exposed on all sides; on the one hand are the needs and fears of its depositors, on the other the needs of its borrowers. Here there is a holding back of currency by those who fear to part with it, and there, the increased demand for currency by reason of the less general use of ordinary means of exchange.

In our State opportunities for legitimate enterprise have been open on every hand; both capital and labor have reaped rich returns; it had been possible for credit to find profitable and legitimate use to an unusual extent, and there had consequently been a large expansion of credits in proportion to actual wealth. That under such circumstances there should be no greater nor more extensive disaster speaks loudly for the prudence and conservatism of the great majority of our business men. But it is not the part of wisdom to cover up our mistakes, or to try to condone our faults. We cannot emphasize the fact too strongly that much, if not all, of the disaster that did befall us might have been avoided by more careful business methods, and we are forced to admit with shame, that at least in one instance failure was the result of something worse than ignorance of business laws.

After the acute stage of the panic had passed, the banks of the State, weary of the struggles of the past year, and worn by the doubts and disappointments it had brought forth, began to adjust themselves to the new conditions and to look forward hopefully to the time when the growing corn crop of unwonted acreage and unusual promise should form the basis for renewed activity and prosperity. But in a very large portion of our good State this hope has been doomed to bitter disappointment. In other years we have looked upon loss or partial loss of a crop of some one kind of grain as a severe disaster; to-day, while many localities are favored with fair or even satisfactory crops there are many large districts in our State in which the crops, with very few and unimportant exceptions, are all but a total failure. That such a loss must seriously retard the State's advancement cannot be doubted, but the farmers of Nebraska are brave men, fertile in resources and ready in action, and all that industry and economy and ingenuity can do to repair the damage will be done.

Conservatism to the banker is something more than a question of profit to himself, it is a matter of duty to the community that he attempts to serve. No duty can weigh more heavily upon any one than the obligation that rests with the banker to see that the funds intrusted to his care are safely invested, so that none who repose confidence in him may find their confidence misplaced. Charged with such a duty ignorance and weakness become criminal and the deliberate perversion of a bank's funds becomes infamous. But another duty follows closely after this—it is the obligation that rests on every banker to manage the affairs of his bank in such a way as to further the best interests of the community, to seek his own profit by rendering substantial service to his customers. In times of panic this duty may seem to be held in abeyance, especially when viewed in the light of individual cases, but the banker's paramount duty is to preserve his bank's solvency and existence, and if he does so, he renders the community a service that far outweighs the good he might have done the individual. But in times

of comparative financial ease and quiet the wants of a large part of a community become acute, as is the case to-day in those parts of our State where the loss of crops is the greatest, the duty of serving his customers assumes a serious form. At such times the banker must not only guard the funds intrusted to his care, but with sympathy, patience and discretion he should consider carefully and deal justly, if not generously, with the claim of every worthy man whose business affiliations are with him, no matter if the demand is a small one and the prospect of profit is inconsiderable.

The labor involved in investigating applications for small loans from men of small means is so great and the compensation so small as ordinarily to justify the banker in disregarding them. In this way a large class of small borrowers is practically deprived of the use of such credit as they are rightfully entitled to. But in times of extreme need banks would, as a matter of duty, assume the extra labor of investigating such applications, they might not only do much to promote the prosperity of the community, but they might possibly justify their *raison d'être* in the minds of many who seem inclined to question it.

In connection with the subject of small loans it may not be out of place to call your attention to one feature of banking in Europe, which could probably be introduced into our own country to advantage. I refer to the co-operative banks. These banks have much in common with the building associations, though loans are not necessarily made on real estate. The stockholders are men of small means; the expenses are nominal, and the management is something like that of a building association. Shares are paid in small installments and within certain limits, deposits are received. The loans are usually made to men of small means, who, usually being well known to the officers and directors, are the better able to establish their right to credit. The system is not a new one. In Germany, where it has had, perhaps, the greatest development, the number of such banks increased from 183 in 1859 to 2,160 in 1888, in which year the total capital of these banks in that country was over \$26,000,000; their surplus was over \$6,000,000 and their deposits were over \$101,000,000. It is believed that the establishment of such banks in this country would have a tendency to relieve commercial banks of a class of business that they are not well calculated to do, and would educate the people in the principle of sound banking, and teach them the advantages of a co-operative association, besides promoting general welfare by increasing incentives to saving and increased facilities to many for obtaining such credit as they are entitled to. Certainly, a system of banking that has proved capable of such development in Europe and has proved so advantageous there is worthy of our careful study here.—*The annual address by President C. F. Bentley at the Convention of the Nebraska Bankers' Association.*

STATE BANKING.

I have attended several bank conventions. The first of our Ohio bankers' was held at Columbus in 1837, soon after the suspension of specie payments in that year. It was called together to consult as to the best methods for preserving the credit of the banks, and the best means for the redemption of their notes while under suspension.

There existed, in 1836 and previous, a rage for Government lands at \$1.25 per acre, also a spirit of speculation in city lots and real estate, all of which received a severe check from the issue, by Gen. Jackson, then

President of the United States, of the noted "specie circular" requiring gold and silver only in payment for public dues. This caused a general suspension throughout the country, and during its existence it was agreed to receive each other's notes as usual, and pay them out as far as practicable, sealing up and advising of any excess for which Eastern drafts were to be given, and allowing a premium of $\frac{1}{2}$ of 1 per cent. on such exchange.

The old banks whose charters expired in 1842, failing in many cases to obtain a renewal from the Legislature, went into liquidation, paid off their liabilities, and distributed their capital to stockholders. In many cases, owing to the scarcity of money, debts were paid by taking real estate. This was largely done in Cleveland.

The troubles of 1837 continued for several years. New banks had in the meantime been organized in several of the cities, including Cleveland, Cincinnati, Columbus, Massillon, Circleville, and others. We had in Ohio at that time thirty-two banks.

The profits of banking in former years arose chiefly from keeping out a large circulation rather than from deposits, and various methods were employed for this purpose. Customers were expected, in asking for loans, to make exchanges for the notes of other banks, and pay out only those intended for circulation. Such pledges were often forgotten, when whole, unbroken packages were returned for redemption. During these years the rates for Eastern exchanges were greatly increased from 1 to 10 per cent. Traveling brokers were abroad assorting notes and making frequent calls on banks for coin or Eastern drafts. The notes of Eastern banks were sought for, and the country was flooded with the bills of remote banks in other States, chiefly from Michigan, Illinois, and Wisconsin, called "red dog," "blue dog," "stump tail," etc., and laborers were to a great extent paid in this depreciated paper, affording a fine illustration of "State issues," ending in loss and bankruptcy, such losses falling chiefly on those who were least able to bear them. These lessons surely ought to be heeded before being again repeated by the repeal of the law taxing State issues, and which has, fortunately, found but little favor with our present Congress. No such system could compare with our present enduring system of National banks. We never look at a bank note to ascertain where issued. It is the same whether in Maine or California, and at par all through the United States. Besides, our people have little conception of the millions of dollars saved in exchanges. Formerly from 1 to 10 per cent. was paid by the people. Not a dollar has ever yet been lost by the holder of a National bank note. The rate of exchange on Eastern cities is now from par to $\frac{1}{4}$ of 1 per cent., and often below for currency. Ought not such a system to be upheld?

After passing through numerous revulsions, and the suspension of specie payment in 1837, 1857, and 1873, with bankrupt laws and failures in the business world during threescore years, I am very thankful that so many of these have been years of prosperity, and a wonderful advance in all that adds to the glory of our country among the nations of the earth. The banks of Ohio have from the first, with but few exceptions, held a high and honorable position in their safe management. We trust that this reputation may long be maintained:—*Remarks by Hon. T. P. Handy, at the Convention of the Ohio Bankers' Association.*

NATURE OF A PASS BOOK.

SUPREME COURT OF KANSAS.

Talcott v. First National Bank of Larned.

A pass book given by a bank to a depositor is not a written contract, but is *prima facie* evidence that the bank received the amounts at the dates therein stated, and binds the bank like any other form of receipt, and is open to explanation by evidence *aliunde*.

By section 18 of the Civil Code, it is provided that "after the cause of action shall have accrued," "an action upon any agreement, contract, or promise in writing" must be brought "within five years," and "an action upon a contract not in writing" "within three years." It is claimed that as the alleged set-off, being evidenced by a bank or pass book, was upon an "agreement, contract, or promise in writing," the statute of three years was no bar. The trial court ruled otherwise. The pass book was balanced December 15, 1885. This action was commenced April 14, 1890—more than four years after that date. The authorities are that the entry in a pass book, "by the proper officer, of the amount and date of the deposit, is *prima facie* evidence that the bank received the amount, and binds the bank, like any other form of receipt. But the entry is only a receipt, and is open to explanation by evidence *aliunde*, and, if shown to be a mistake, is no longer binding upon the bank. The receipt is also open to correction in favor of the depositor, if it be erroneous." (2 Am. & Eng. Enc. Law, pp. 102, 103, and cases cited.) Morse, on Banks, in volume 1 (3d Ed.), § 290, says: "A bank book is *prima facie* evidence, but no more, and is open to explanation by parol evidence, for it is not a contract." In *Davis v. Bank*, 53 Mich. 163, 18 N. W. 629, the court observed that "the bank book is no contract, and is only one of the means of indicating the state of the funds." The reasons why a pass book given to the depositor, and its entries therein, do not constitute a contract in writing, are fully stated in the authorities cited. (See, also, *Bank v. Smith*, 19 Johns. 116; *Asher v. Bank*, 7 Alb. Law J. 43; *Anderson v. Leverick* (Iowa) 30 N. W. 39.) The case of *Jassey v. Horn*, 64 Ill. 379, is not applicable, because in Illinois the statute provides that actions brought upon "evidence of indebtedness in writing" have the same limitation as actions upon contracts in writing. A pass book is "evidence of indebtedness in writing," but not a contract in writing. As against the ruling of the trial court, the case of *Long v. Straus*, 107 Ind. 94, 6 N. E. 123, and 7 N. E. 763, is cited. The action in that case was upon a written instrument in the nature of a certificate of deposit, properly signed by the party executing the same. It was more than a mere receipt, for it embodied an agreement. Elliott, J., speaking for the court, said: "The instrument declared on is a contract. It is a written contract. It cannot be contradicted or varied by parol evidence." "It is by no means certain whether it is not a regular certificate of deposit." "As the contract is a written one, not subject to variation by parol evidence, the agreement to repay the money must exist in it, or not exist at all." Many other cases are referred to, of similar kind, but it would not do to hold that an entry on a deposit slip or in a pass book is such a written contract that all oral negotiations and stipulations are merged in the receipt or writing. (*Bank v. Clark* (N. Y. App.) 32 N. E. 38.)

It is further claimed that within the decision of *Waffle v. Short*, 25

Kan. 507, there was an open, running, and mutual account between the parties, and that the Statute of Limitation did not commence to run until after the payment of the check of March 17, 1890. The bill of particulars of the bank did not state any mutual or other account. The action was brought to recover \$200 upon the check. The answer and set-off alleged that the pass book was balanced on December 15, 1885. On that date, Talcott made a demand upon the bank for the balance he claimed to be due. The statute began to run from the demand. He did not follow up his demand for more than four years, not until his claim was barred. After the demand of Talcott, on the 15th of December, 1885, and after the Statute of Limitation had fully run between the parties, there was no open, running, or mutual account existing between them. It is true that Talcott alleged that he applied the \$200 upon his account with the bank; but after that account had been closed, and demand had been made, and the Statute of Limitation had run, neither party had any cause of action thereon. The judgment of the District Court will be affirmed. All the justices concurring.—*Pacific Reporter*.

COLLECTION.

COURT OF CIVIL APPEALS OF TEXAS.

Hunt v. Townsend.

Plaintiff sent a draft to a bank for collection. The bank collected it, and then passed into the hands of a receiver without remitting. The bank had previously made similar collections for plaintiff, the proceeds of which were always remitted to him promptly, and never credited to him as a deposit. *Held* That plaintiff was entitled to be paid the entire proceeds of the draft out of the bank assets in the receiver's hands, since the bank was his trustee, and not his debtor.

JAMES, C. J.—This action was against Hunt, as receiver of the Texas National Bank of San Antonio. The allegations were, in substance, that appellee had sent to the bank for collection and remittance a draft drawn by them on the San Antonio Brewing Association, in the sum of \$223.47, which was by the bank collected, and not remitted, but retained in the vault of the bank; that the same had come into the possession of the receiver; that demand had been made for the same; and the prayer was for judgment requiring the receiver to pay the same over to plaintiff, with interest, and for costs and general relief. The defense, so far as the questions raised in this court are concerned, was that plaintiff had sent the draft for collection merely, and without other instructions, and that the relation between plaintiff and the bank with reference to the collection was that of creditor and debtor, and that, therefore, plaintiff was not entitled to the relief sought.

The sole question presented to us is whether the facts show the relation to have been that of creditor and debtor respecting this fund, or that of trustee or beneficiary, as the District Court declared it to be. The instruction which accompanied the draft when received by the bank was as follows: "Inclosed herein please find our draft for collection, which we have made on the San Antonio Brewing Association of your city. Kindly give this your immediate attention, and oblige, yours truly, Townsend, Hostetter & Co." The testimony discloses, in addition to this, that this bank had previously made similar collections for the plaintiff, and that in no instance was the collection carried to plaintiff's credit, as depositor, by the bank, but the entries were confined to a collection register, and remittances made promptly without further communications. It appears that the proceeds of this collection were

not remitted, and became mingled with the general funds of the bank, and that more than the amount thereof was on hand of such funds when the property of the bank passed into the hands of the receiver. It is clear to our minds, from the discussion of this subject in *Bank v. Weems*, 69 Tex. 489, 6 S. W. 802, that the facts will admit of no other conclusion than the one reached by the district judge. The course of dealing between these parties, and the acts of the bank in reference to such transactions, necessarily involved an understanding that the collection should be made and remitted without unreasonable delay. There is nothing from which could be implied an authority for the bank to hold the money, and treat it as a deposit. The amount of this collection was on hand, of the general funds of the bank, when the receiver took possession, and plaintiff is entitled to receive the same, instead of a *pro rata* with creditors. The judgment is affirmed.—*Southwestern Reporter*.

GUARANTEE OF COMMERCIAL PAPER—POWERS OF PRESIDENT.

SUPREME COURT OF NEBRASKA.

Thomas v. City National Bank of Hastings.

While a National bank may not lend its credit for the accommodation of others, still it may guaranty the payment of commercial paper as incidental to the exercise of its power to buy and sell the same.

A., being indebted to a National bank, and being the holder of certain negotiable notes, indorsed them generally, and delivered them to the president of the bank, who negotiated them for value to C., at the same time executing in the name of the bank a written guaranty of payment. From the proceeds of the sale, A.'s debt to the bank was canceled. *Held*, following *People's Bank v. Manufacturers' Nat. Bank*, 101 U. S. 181: First, that the guarantying of the notes under such circumstances was within the powers of the bank; second, that the authority of the president to execute the guaranty would be conclusively presumed in favor of the purchaser acting without notice to the contrary; third, that the retention and enjoyment by the bank of the proceeds of such transaction constituted a ratification of the president's act.

Where the evidence on behalf of the plaintiff suing upon such a guaranty tended to establish the state of facts set forth in the foregoing paragraph, it was error for the trial court, in the giving and refusal of instructions, to withhold from the jury the law as above stated.

IRVINE, C.—The plaintiff in error sued the defendant in error, a National bank, alleging that on January 21, 1889, one Elsmore and one Knowlton made and delivered to Charles H. Paul certain promissory notes secured by real estate mortgage of the same date. That Paul, in the ordinary course of business, indorsed and delivered the notes to the bank. That the bank executed and delivered to plaintiff a guaranty as follows:

"For value received, we hereby assign and transfer the within note to Joseph Thomas, trustee, and guaranty payment of the principal and interest on the same on the terms and conditions stipulated in the mortgage of even date securing the same.

"City National Bank, Hastings, Nebr.,
"By H. Bostwick, Pt."

{ City National Bank of }
{ [Seal.] }
{ Hastings, Neb. }

That the foregoing contract was written upon each of said notes, and that plaintiff, relying thereon, and on the delivery of said notes and

mortgage to him, paid over to the bank \$10,500 as consideration therefor, which money was transmitted by certain bills of exchange which were duly indorsed, received, accepted, used, and transmitted to the credit of the bank. The petition then avers a default in payment, and the insolvency of the makers, and prays judgment upon the contracts of guaranty. The bank admitted the execution and delivery of the notes and mortgage, but denied the default of payment. This defense was, however, waived on the trial. As a second defense, it denied the indorsement or transfer of the notes to the bank, or that the bank was ever the owner thereof; denied its execution of the guaranty; denied that it authorized the guaranty to be executed; and denied the payment of any money by the plaintiff to the bank. It then alleged that Bostwick (who is shown to have been the president of the bank), without any right or authority, and solely for the accommodation of a partnership of which he (Paul) and the makers of the notes were all members, wrote the transfer and guaranty upon the notes, and thereby forged the signature of the bank. As a third defense, substantially the same allegations are repeated, and the defense of *ultra vires* set up. There was a fourth defense pleaded, but it was evidently abandoned in the District Court, and has not been referred to in the argument here. The evidence on the part of the plaintiff tended to show that the notes and mortgage were made and delivered to Paul in payment for an interest in a brickyard; that Paul was then indebted to the bank in the sum of about \$7,000, \$5,000 of which seems to have grown out of the brickyard business, but constituted a debt which Paul testifies he had individually assumed. Bostwick, the president of the bank, took the notes and mortgage. Paul, having indorsed the notes, sold them to the plaintiff, writing the guaranty thereon before their transmission. The payment was made by two drafts of the National Bank of Commerce of Kansas City upon the National Bank of the Republic of New York. Each was drawn to the order of the defendant bank. Each draft bears the following indorsement: "Pay to the American Exchange Bank, New York, or order for collection, account of City National Bank, Hastings, Neb. J. M. Ferguson, Cashier." Ferguson was cashier of the defendant bank. He testifies he did not place the indorsement upon the drafts, and that he never saw them before the trial, but that it was not his duty to make such indorsements; that they were generally made by the remittance clerk. The drafts were paid, and from the proceeds Paul's debt to the bank was canceled, and the remainder passed to his credit. The method of bookkeeping pursued in order to accomplish this result is left doubtful by the evidence. But the evidence is uncontradicted that this result was reached. Subsequently, one note of the series was paid plaintiff in a draft through the City National Bank. A letter signed by Bostwick indicating that the bank paid it was excluded from evidence. The theory of the plaintiff is that the guaranty was within the scope of the bank's authority and that of the president, but, if not so, the bank, having adopted the benefit of the transaction by receiving the proceeds in satisfaction of Paul's debt, Bostwick's acts were ratified. The theory of the defendant is that the arrangement was a scheme between Bostwick, the makers, and the payee of the notes, constituting the brick company, to obtain money; that the bank never owned the notes; and that the president's act was not within the scope of his authority, but amounted to a forgery, committed by him while acting individually, and that the guaranty was, in any event, a pledge of the bank's credit, and *ultra vires*. From *Rich v. Bank*, 7 Neb. 201, we quote the following: "As a general rule, the officers of a bank are held out to the public as having authority to act according to the usage and course of business of such

institutions, and their acts, within the scope of their authority, bind the bank in favor of third persons having no knowledge to the contrary." "And it may also be laid down as a rule that no officer of a bank can bind it by a promise to pay a debt which the corporation does not owe, and was not liable to pay, unless the bank authorize or has ratified the act." In *People's Bank v. Manufacturers' Nat. Bank*, 101 U. S. 181, one Pickett made his notes for \$50,000, payable to his own order, indorsed them, and delivered them to the National bank, to be negotiated to the plaintiff. The vice-president of the National bank, with the knowledge and consent of the president and cashier, but without any authority from the board of directors, or from a majority of them as individuals, transmitted the notes to the plaintiff, with a written guaranty signed by himself. The plaintiff's account with the defendant was debited with \$50,000 on account of the notes. At the same time Pickett's paper held by the defendant was canceled to the same amount. It will be observed that in all its essential features this case was similar to the one under consideration, according to plaintiff's theory of the facts. The language of Mr. Justice Swayne in that case is therefore entirely appropriate to this, and, so far as it concerns the law of the case, we quote it entire in lieu of an original discussion: "The National Bank Act (Rev. St. p. 993, § 5,136) gives to every bank created under it the right 'to exercise by its board of directors, or duly authorized agents, all such incidental powers as shall be necessary to carry on the business of banking, by *discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt*, by receiving deposits,' etc. Nothing in the act explains or qualifies the terms italicized. To hand over with an indorsement and guaranty is one of the commonest modes of transferring the securities named. Undoubtedly a bank might indorse 'Waiving demand and notice,' and would be bound accordingly. A guaranty is a less onerous and stringent contract than that created by such an indorsement. We see no reason to doubt that, under the circumstances of this case, it was competent for the defendant to give the guaranty here in question. It is to be presumed the vice-president had rightfully the power he assumed to exercise, and the defendant is estopped to deny it. Where one of two innocent parties must suffer for the wrongful act of a third, he who gave the power to do the wrong must bear the burden of the consequence. The doctrine of *ultra vires* has no application in cases like this. (*Merchants' Bank v. State Bank*, 10 Wall. 604.) All the parties engaged in the transaction, and the privies, were agents of the defendant. If there were any defects of authority on their part, the retention and enjoyment of the proceeds of the transaction by their principal constituted an acquiescence as effectual as would have been the most formal words. These facts conclude the defendant from resisting the demand of the plaintiff. (Whart. Ag. § 89; Bigelow, Estop. 423; *Railroad Co. v. Howard*, 7 Wall. 392; *Kelsey v. Bank*, 69 Pa. St. 426; *Steamboat Co. v. McCutcheon*, 13 Pa. St. 13.) A different result would be a reproach to our jurisprudence." The case involving to a certain extent the construction of the National Banking Act, the decision referred to is probably binding upon this court, but, whether it is or not, we accept it as a correct statement of the law.

The errors assigned relate to the admission and exclusion of evidence, and to the giving and refusal of instructions. Some are not assigned with sufficient definiteness to permit a review. In ruling upon the evidence, the trial court seems to have proceeded upon the theory that the plaintiff had no right to rely upon the apparent authority of Bostwick, and that it was not competent to show a ratification by subsequent acts. In instructing the jury, he placed before it only the defendant's theory

of the case, and assumed that there was evidence to show that the guaranty was merely for the accommodation of the parties to the notes, and not within the line of the bank's business. The instructions asked by plaintiff, and refused, were based upon competent testimony tending to establish his theory as we have outlined it, and were in language receiving direct support from the case of *People's Bank v. Manufacturers' Nat. Bank*, *supra*. In failing to submit the case in this aspect to the jury the court erred. Reversed and remanded.—*Northwestern Reporter*.

INDORSEMENT OF CHECKS.

SUPREME COURT OF MINNESOTA.

Security Bank of Minnesota v. Northwestern Fuel Co.

Upon a deposit being made by a customer of a bank, in the ordinary course of business, of checks, drafts, or other negotiable paper, received and credited on his account as money, the title to the checks, drafts, or other paper immediately becomes the property of the bank, unless a different understanding affirmatively appears.

An indorsement by the customer of a check, payable to his own order, "for deposit in the [name of the bank] to the credit of [the name of the depositor]," is sufficient to pass the title to the check to the bank, and is not a restrictive or qualified indorsement.

MITCHELL, J.—The defendant gave its check for \$418.12 on the Bank of Minneapolis, payable to the order of the Mill Wood Company, which was a customer of, and had a deposit account with, the plaintiff, on which it was accustomed to deposit cash and checks, which were credited to its account, and against which it was authorized to draw its checks. On the same day on which the Mill Wood Company received the check it indorsed it, "For deposit in the Security Bank to the credit of the Mill Wood Company," and deposited it, with other checks, with the plaintiff, receiving a deposit slip, and being credited with the amount on its deposit account. Immediately preceding this deposit the Mill Wood Company's account was overdrawn, but, after making this deposit, and another, made the same day, there was a balance to its credit of \$376.30, including the credit for the check in question. The next morning it drew checks against its account, which were paid, which overdrew its account \$363.72, and this overdraft has never been paid. Subsequently, on the same day, the check was duly presented for payment to the Bank of Minneapolis, but was dishonored, for the reason that the defendant had forbidden its payment. Immediately afterwards the Mill Wood Company became, and still remains, insolvent. This is a suit on the check. The only question is whether the title to the check had passed to the plaintiff. We think it had. The indorsement of the Mill Wood Company was sufficient, and was not restrictive or qualified. Where a customer has a deposit account with a bank, on which he is accustomed to deposit checks payable to himself, which are credited to him on his account, and against which he is authorized to draw, an indorsement "For deposit" is, in the absence of a different understanding, a request and direction to deposit the sum to the credit of the customer, and passes the absolute title to the check to the bank. (*Bank v. Miller*, 77 Ala. 168; *Bank v. Smith*, 132 Mass. 227.) Upon a deposit being made by a customer in a bank, in the ordinary course of business, of money, checks, drafts, or other negotiable paper received and credited as money, the title of the money, drafts, or other paper immediately becomes the property of the bank, which becomes debtor to the depositor for the

amount, unless a different understanding affirmatively appears. (*Fletcher v. Osbourn* (Minn.) 57 N. W. 336.) There is nothing in this case indicating any different understanding. Order affirmed.—*Northwestern Reporter*.

POWER OF A SAVINGS BANK TREASURER.

SUPREME JUDICIAL COURT OF MASSACHUSETTS.

North Brookfield Savings Bank v. Flanders.

A savings bank's treasurer, having power to collect its debts, can, under orders of the board of investment, execute the power of sale of a mortgage to the bank, by conveying to the purchaser; and the bank's acceptance of the purchaser's deed of release ratifies its treasurer's act.

LATHROP, J.—There can be no doubt of the authority of the treasurer of the plaintiff bank to collect the debt which was due by appropriate proceedings. If he had not authority to foreclose the mortgage by virtue of his office, he certainly had such authority when authorized to do so by the board of investment; and the subsequent proceeding is merely incidental to the powers which existed in him or were conferred upon him. (See *Bank v. Keary*, 128 Mass. 298; *Holden v. Upton*, 134 Mass. 177, 179; *Trustees of Smith Charities v. Connolly*, 157 Mass. 272, 31 N. E. 1058.) But, if there can be any question as to the authority of the treasurer, the plaintiff, by accepting the deed and bringing this action, has ratified his doings. Exceptions overruled.—*Northeastern Reporter*.

COLLECTIONS.

SUPREME COURT OF TENNESSEE.

Akin v. Jones et al

A draft indorsed to a bank for collection, with directions to remit New York exchange, was paid by an overdraft on such bank, made by the drawee, and the draft was canceled. The bank sent its check for the proceeds, but, before it was paid, assigned for the benefit of creditors. Thereafter the overdraft was paid to the assignee. *Held*, That no trust existed in favor of the payee of the draft.

Delivery of a check against a general deposit is not an assignment *pro tanto* of the fund.

MCALISTER, J.—The question presented in this record, stated in general terms, is whether the holder of two certain checks, drawn by the Bank of Columbia prior to making a general assignment, is entitled to payment in full out of certain funds in the hands of the assignee of said bank, or whether said check holder is merely a general creditor of said bank, and, as such, only entitled to a ratable share in the distribution of its assets. It appears from the record that on the 17th October, 1891, the Bank of Columbia made a general assignment for the benefit of its creditors. The trustee named in the deed having declined to serve, A. N. Akin was duly appointed, and has been administering the trust. The present bill was filed by the trustee against the creditors of said bank for the settlement of all matters growing out of said trust, and for the adjudication of all questions of priorities.

The defendants, J. W. Manier & Co., are merchants doing business in Nashville, and on or about September 29, 1891, inclosed to the Bank of Columbia a draft on Massey & Son, of Lipscomb, Tenn., for the sum of

\$137.20, drawn by Manier & Co. to their own order, and indorsed by said firm to the Bank of Columbia for collection. Massey & Son, the drawees of said draft, on the 15th of October, 1891, gave their check on the Bank of Columbia in payment of said draft, which overdrew their account in said bank in the sum of \$102.12. It appears that Massey & Son had to their credit in said bank, at the time of drawing the check, the sum of \$35. The draft was canceled by the bank, and delivered up to Massey & Son. Manier & Co., in their letter inclosing the draft for collection, had directed the bank to remit the proceeds in New York exchange. On the 16th October, 1891, the Bank of Columbia sent to Manier & Co. its check on the Merchants' National Bank of Louisville, covering proceeds of draft on Massey & Son. Manier & Co. received said check October 17th, and immediately telegraphed to the Merchants' National Bank of Louisville to know if this check would be paid, and were informed that it would not be paid. It appears that on the same day the Bank of Columbia made a general assignment for the benefit of its creditors. Manier & Co. on same day returned this check to Bank of Columbia, informing its cashier they would claim payment in full out of the assets of said trust. It further appears that at the time Manier & Co. received the draft on the Merchants' National Bank, of Louisville, Ky., there was to the credit of the Bank of Columbia in said Louisville bank something over \$2,250. All drafts drawn on the Louisville bank by the Bank of Columbia subsequent to October 14, 1891, were refused payment when presented. Some time after the assignment the Merchants' National Bank of Louisville, with the assent of the trustee of the Bank of Columbia, but without the knowledge of Manier & Co., paid out of the funds to the credit of the Bank of Columbia such drafts as had been presented to it in the order of presentation, until the whole fund was exhausted. The telegram sent by Manier & Co. to the Merchants' National Bank was received, and payment of their check refused, before the presentation of many of the drafts which were afterwards paid. No offer has been made to pay the draft held by Manier & Co., and there are now no funds with which to pay it to the credit of the Bank of Columbia in the Louisville bank. It further appears that, after the affairs of the Bank of Columbia went into the hands of the assignee, Massey & Co. paid their overdraft, amounting to \$102.12, in full to said assignee. This is a full statement of facts appearing in the record with respect to the check on the Merchants' National Bank of Louisville given by the Bank of Columbia to Manier & Co. for the proceeds of their draft on Massey & Son.

The other claim of Manier & Co. is based upon the following statement of agreed facts: It appears that on or about September 8, 1891, Manier & Co. inclosed to the Bank of Columbia, for collection, the note of W. K. Stephens, dated July 3, 1891, payable to the order of Manier & Co., and due October 1st thereafter for the sum of \$195.95. The bank was directed to remit the proceeds of the note to Manier & Co. in New York exchange. On the 13th of October, 1891, W. K. Stephens, the maker of this note, paid it by an overdraft on the Bank of Columbia. At the time his check was given, the account of Stephens was overdrawn in the sum of \$1,100, and had remained overdrawn since May 31, 1891. On the 13th October, 1891, the Bank of Columbia sent to Manier & Co. their check on the Importers and Traders' National Bank of New York for the sum of \$195.45, with the advice that it was given for the amount collected on the Stephens note. This check was received in due course of mail by Manier & Co., and at once forwarded by them to New York, and presented for payment. Payment was refused, and thereupon the check was protested and all proper notices given. Manier & Co. imme-

diately notified the trustee for the Bank of Columbia, and made claim on him for the full amount of the check. As already stated in connection with the Massey & Son draft, the Bank of Columbia, on the 17th of October, 1891, made a general assignment for the benefit of its creditors. It further appears that, when the check was presented to the Importers and Traders' National Bank of New York, there was to the credit of the Bank of Columbia in the New York bank sufficient funds to meet it. Subsequent to the presentation of defendants' check, the Importers and Traders' National Bank paid to the trustee of the Bank of Columbia the balance to the credit of said bank, and this amount the trustee now holds, as a separate fund, subject to the orders of the court in this case. It should be stated that, after the affairs of the bank went into the hands of the assignee, it was ascertained that Stephens' account was overdrawn on October 16 (the last day the bank transacted business) in the sum of \$1,400, and that it had been overdrawn more than \$300 since July 31, 1891. The assignee, acting upon the advice of counsel, afterwards compromised and settled Stephens' overdraft, realizing something more than 50 per cent. of same which went into the trust fund.

Upon the foregoing facts, the chancellor decreed, viz.: First. That Manier & Co. had the right to repudiate the check on Louisville given by the Bank of Columbia in payment of the Massey & Son draft, in violation of instructions to send New York exchange. Second. That in respect to the amount of Massey & Son's overdraft on the Bank of Columbia, to wit, the sum of \$102.12, which was made by paying to the said bank the draft of Manier & Co. on Massey & Son, and which was collected by the trustee of said bank after its failure, as to this amount, Manier & Co. were entitled to be paid in full, and in preference to the general creditors of said bank. Third. But as to the sum of \$35, which Massey & Son had on deposit when they gave their check to the bank for the draft of Manier & Co., and which, therefore, the bank actually received before its failure, as to this amount Manier & Co. were not entitled to be paid in full in preference to the general creditors of said bank, but were only entitled to receive their *pro rata*. Fourth. That, as to the Stephens collection, Manier & Co. accepted the check on the Importers & Traders' National Bank in payment of said collection, but that said check was not an equitable assignment *pro tanto* of the funds of the Bank of Columbia in the hands of the New York bank, and which afterwards came into the hands of the trustee of the Bank of Columbia; and that, therefore, Manier & Co. were only general creditors of said Bank of Columbia, and, as such, were only entitled to receive their *pro rata* upon said note. From so much of said decree as adjudges that Manier & Co. are entitled to be paid in full the sum of \$102.12, in preference to the general creditors of the Bank of Columbia, the complainant, A. N. Akin, appealed, and has assigned errors. The defendants Manier & Co. have appealed from so much of said decree as adjudges that they are only entitled to receive their *pro rata* upon the check of the Bank of Columbia on the Importers and Traders' Bank of New York, given in payment of the Stephens note.

It is assigned as error by counsel for A. N. Akin, trustee, that the chancellor adjudged that Manier & Co. were entitled to be paid in full, in preference to the general creditors, the amount of Massey & Son's overdraft, which was collected by the trustee. It is insisted on behalf of the trustee that although indorsements for collection vest no title to the draft in the bank, and, if the draft is collected by the trustee of the bank after its failure, the law imposes a trust upon the proceeds in favor of the owner, yet, if the draft is collected by the bank before its failure,

and while it is a going concern, and the transaction of payment is complete between the bank and the drawee, then the relation of the bank to the owner of the draft is that of debtor and creditor, and there is no trust in favor of the owner, and he has no preferred lien upon the assets of the bank in the hands of the assignee, but can only take his *pro rata* share in the distribution of the assets. On the other hand, it is insisted on behalf of Manier & Co. that when paper is sent to a bank indorsed for collection, with instructions to remit the proceeds, the bank holds said paper as the agent or trustee for sender, and funds collected on same are trust funds, held by it for sender: that the bank in this case held the collections as agent or trustee, charged with the duty to collect them in money, which, if received, would have been a trust fund; but, as the bank improperly received an overdraft or debt against the maker, the owners of the collection can claim these overdrafts or debts in the hands of the assignee. Defendants Manier & Co. further insist that if these overdrafts, made to pay their drafts, were afterwards paid to the assignee, it amounted in a court of equity to a payment of the collections themselves. The general rule on this subject is that an indorsement for collection vests no title to the paper in the bank, and, if the paper passes into the hands of the assignee after insolvency, the owner may recover it specifically, or, if the assignee collects the paper, the owner may recover the proceeds; but, if the bank makes the collection before the assignment, it simply becomes an ordinary contract debtor of the owner, and he cannot impress any trust upon the proceeds. (1 Morse, Banks, § 248.) Of course, there may be special facts in a case which will take it out of the ordinary rule, and create a trust on the funds collected. Such special facts were found in the case of *Bank v. Weems* (Tex. Sup.) 6 S. W. 802, cited by counsel for defendant. In this case the agreement between the two banks in reference to the proceeds was that "they should be preserved by said bank as the property of the complainant, and returned to it as such." The court thought these special facts settled the question of trust in favor of the complainant; but the rule undoubtedly is that unless there is some agreement or course of dealing whereby the funds are to be held separate, and the identical proceeds remitted, the owner of the drafts stands upon no higher ground than the other creditors of the bank in a case where the bank collects the draft prior to making a general assignment. It will be noticed that in this case Manier & Co. directed the bank to send New York exchange; that is to say, Manier & Co. directed the Bank of Columbia to send them its check on New York in payment of the proceeds of collection. As stated by counsel: "This is the determining fact in the record. It was virtually an express direction not to send the identical moneys collected, nor to hold them separate for Manier & Co., but was equivalent to an agreement that the bank might use the money collected, and pay Manier & Co. by its check on New York. Any agreement or understanding or course of dealing whereby the bank is to use the identical moneys collected, and substitute its own obligation in its stead, destroys all idea of a trust."

It is argued, however, that the overdrafts made by the drawees on the Bank of Columbia to pay their drafts due to Manier & Co. were afterwards paid to the assignee, and such payment amounted in a court of equity to a payment of the drafts themselves to the assignee. This view of the case cannot be maintained. The transaction between the bank and Massey & Son and W. K. Stephens, the drawees of the drafts, was a completed transaction. Massey & Son and Stephens gave their checks on the Bank of Columbia for the amount of the drafts drawn against them, respectively, and the drafts were canceled and delivered

up to the drawees. The fact that the bank allowed the drawees to overdraw their accounts does not affect the question of payment. In his work on "Commercial Paper," Mr. Randolph says: "If the holder of a bill directs that it be paid to a certain banker, procuring credit with such banker will amount to a payment of the bill. So, if the amount of a note is credited to a bank holding it for collection (according to the custom of dealings between the banks), it will be a payment, although the bank making the note and giving the credit failed on the day it was so credited." (3 Rand. Com. Paper, §§ 1395-1456.) The doctrine has been extended, and collecting banks have been recognized as authorized to receive their own certificates of deposit in payment, and the debtor is discharged, even though the bank fails before remitting. (See *Howard v. Walker*, 92 Tenn. 456, 21 S. W. 897.)

The next question presented is in respect to the check given by the Bank of Columbia on the Importers and Traders' National Bank of New York in payment of the Stephens note. It is insisted by counsel for Manier & Co. that they are entitled to be paid in full, for the reason that this check was an equitable assignment *pro tanto* of the funds of the Bank of Columbia in the hands of the New York bank, and that, the New York bank having refused to pay the check, and having returned the funds in its hands to the trustee of the Bank of Columbia, defendants are entitled to the payment of their check in full. It is insisted that the assignee, for the benefit of creditors, takes the property and chooses in action of his assignor, not as a purchaser for value, but as a volunteer, and therefore subject to all the defenses and equities against them in the hands of the assignor, and not only so, but that he holds as the representative of the assignor and his estate. This principle is well settled, and will not be further noticed. (*Nashville Trust Co. v. Fourth National Bank*, 91 Tenn. 336, 18 S. W. 822.) The other question, however, in respect to equitable assignments, is involved in much conflict of authority. Mr. Morse, in his work on "Banks and Banking" (volume 2, § 493), formulates the question thus: "Is a check an equitable assignment between the drawee and a *bona fide* holder for value, so that the latter will be preferred over general creditors of the drawer in case of his insolvency before the check is cashed?" The author answers the question by stating that the most numerous body of decisions sustains the view that a check is neither a legal nor an equitable assignment as between drawer and payee, nor a sufficient foundation for any action by the holder against the bank. The author qualifies the statement with the remark that there may exist special facts giving an equation of easy solution, as if the check is drawn on a designated fund, or is accepted by the bank, or if the bank charges the amount to the drawer, or settles with him on the basis of allowing for the check. In these and other instances, the author states, there is no doubt the bank can be held in an action by the holder. Counsel for Manier & Co. cite several *dicta* to be found in our own cases to the effect that a check is an appropriation by the debtor of so much of his deposit in bank to his creditor. (See *Springfield v. Green*, 7 Baxt. 302; *Schoolfield v. Moon*, 9 Heisk. 173; *Bank v. Merritt*, 7 Heisk. 193.) It will be found upon an examination of these cases that the only question presented for adjudication was in respect to the liability of the drawer—whether he was discharged by the failure of the holder to present his check in a reasonable time, the bank in the meantime having become insolvent. The case of *Imboden v. Perrie*, 13 Lea 504, involved more of the features presented in this case than any other reported in this State. In that case the question arose between creditors. One creditor held a check of the debtor against a general deposit of the debtor in bank, while the other was an attachment

creditor of that fund. The question was fairly raised in that case whether the check worked an equitable assignment of the fund in bank to the check holder before the presentation of the check or notice to the bank. If so, the check-holding creditor was entitled to priority. If not, then the attachment had priority. Judge Turney, in delivering the opinion of the court against the defendant's theory of equitable assignment, cited approvingly the opinion of Chief Justice Church in *Attorney-General v. Continental Life Ins. Co.*, 71 N. Y. 325, to the effect that checks drawn in the ordinary form, not describing any particular fund or using any words of transfer of the whole, or any part of any amount standing to the credit of the drawer, but containing only the usual request, are of the same effect as inland bills of exchange, and do not amount to an assignment of the funds of the drawer in bank. "This doctrine," he continues, "accords with the relation between the parties. Banks are debtors to their customers for the amount of their deposits. A check is a request of the customer to pay the whole or a portion of such indebtedness to the bearer, or to the order of the payee. Until presented and accepted, it is inchoate. It vests no title, legal or equitable, in the payee to the fund. Before acceptance the drawer may withdraw his deposits. The bank owes no duty to the holder until the check is presented for payment. Knowledge that checks have been drawn does not make it obligatory upon the bank to retain the deposits to meet them. These rules are indispensable to the safe transaction of commercial business." It is contended by counsel for Manier & Co. that the case of *Imboden v. Perrie* did not raise the identical question here presented. It is insisted that the question in that case arose between creditors, but that the question presented here is between the drawer and the payee of the check, the assignee standing in the shoes of the drawer. The case of *Attorney-General v. Continental Life Ins. Co.*, 71 N. Y. 325, cited with approval by Judge Turney in the 13 Lea case, presented the exact state of facts found in this record. In that case the insurance company gave its check upon a trust company in payment of a loss, the company having at the time on deposit a sum exceeding the amount of the check, but prior to its presentation a receiver of the insurance company was appointed, who withdrew all the funds deposited with the trust company. In an action by the check holder against the receiver to recover the whole amount of the check out of the funds in his hands, it was held by the Court of Appeals of New York that the check, not having been drawn on a particular fund, was not an equitable assignment *pro tanto* of a general deposit, and that the check holder was not entitled to payment in full in preference to the claims of other creditors. (See, also, *Risley v. Bank*, 83 N. Y. 318; *Aetna National Bank v. Fourth National Bank*, 46 N. Y. 87.)

We are of opinion that the great weight of authority is opposed to the contention of defendants, and establishes the doctrine that the delivery of a check against a general deposit is not a legal or equitable assignment of any portion of the fund. The decree of the chancellor to the extent that it allows defendants priority in the payment of the Massey & Son overdraft is reversed, and in all other respects affirmed. The costs will be paid by the trustee.—*Southwestern Reporter*.

NEGOTIABLE INSTRUMENT.

COURT OF CIVIL APPEALS OF TEXAS.

Whittle et al. v. Fond du Lac National Bank.

A draft is not rendered non-negotiable by the mere fact that it calls for exchange.

COLLARD, J.—The commercial character of the paper sued on was not impaired by calling for exchange. The amount to be paid is susceptible of definite ascertainment. (Tied. Com. Paper, § 28a; Daniel, Neg. Inst. §§ 54, 54a.) There are authorities to the contrary, but the weight of authority is as stated above. (*Smith v. Kendall*, 9 Mich. 242; *Leggett v. Jones*, 10 Wis. 34; *Price v. Teal*, 4 McLean, 201, Fed. Cas. No. 11,417. See, *contra*, *Fitzharris v. Leggett*, 10 Mo. 527; *Hughitt v. Johnson*, 28 Fed. 865; *Bank v. McMahon*, 38 Fed. 283.)

The other question submitted has been decided by this court at the present term in the case of *Whittle v. Bank*, 26 S. W. 1011, upon facts similar to those in this case. It must be held that the draft came into the hands of the bank (appellee) in the usual course of business; that it is a *bona fide* holder; and that it was entitled to recover. The judgment of the court below is affirmed. Affirmed.—*Southwestern Reporter*.

LEGAL MISCELLANY.

PARTNERSHIP—FIRM NOTE.—Firm notes given to individual creditors for the purpose of placing them on equal terms with the firm creditors in case of insolvency are fraudulent and void as against the firm creditors. [*In re Edwards*, Mo.]

NEGOTIABLE INSTRUMENTS—BONA FIDE PURCHASERS.—Plaintiff purchased timber land of B., giving a note and mortgage in part payment. B., in a separate instrument, guarantying the quantity of timber on the land. B. assigned the note and mortgage, as security, to P., who did not know of the guaranty. B. afterwards caused the note and mortgage to be assigned to defendant, who paid P.'s claim against B. with knowledge of B.'s guaranty: *Held*, That defendant succeeded to the *bona fides* of P. only to the amount paid by him to P. [*Anderson v. Northern Nat. Bank of Big Rapids*, Mich.]

NEGOTIABLE NOTES—POWER OF PARTNER.—Where two persons buy a machine, giving a note therefor in their individual names, their partnership transactions being confined merely to running the machine, one of them cannot, after the purchase, take a warranty from the seller, differing from that given at the time of the purchase, and thereby bind the other. [*Aultman & Taylor Co. v. Shelton*, Iowa.]

NEGOTIABLE INSTRUMENT—USURY—CONFLICT OF LAWS.—Though a note is usurious and void under the laws of the State where executed and delivered, it will be upheld by Iowa courts, where the stipulated interest does not exceed the rate fixed by the Iowa laws, and the parties intended that the contract should be governed by such laws, the maker residing and the note being payable in Iowa. [*Bigelow v. Burnham*, Iowa.]

NEGOTIABLE INSTRUMENTS—BONA FIDE PURCHASER—EVIDENCE.—In an action by a partnership bank on a note fraudulent in its inception, and transferred to plaintiff by the payee as collateral for a loan, the uncontradicted evidence of one of the partners was that he had charge of the loans, that no one but himself and such payee took part in the loan transaction, "that no other officer or agent of the bank knew for what the note in suit was executed," and that he had no knowledge of the makers: *Held*, That there was a failure of proof that plaintiff was a *bona fide* holder of the note, since his testimony was either hearsay, or related to a fact which he did not know to be true. [*Commercial Bank of Essex v. Paddick*, Iowa.]

PRINCIPAL AND SURETY—ESTOPPEL.—The sureties on a note given for the purchase price of chattels are estopped from denying their liability where they, with knowledge of its delivery by the principal to the payee, in violation of its conditions, accept a mortgage on the chattels to indemnify them against loss, take possession under the mortgage, and place the property in a position where the payee cannot enforce against it the purchase money debt. [*Campbell Printing Press & Manufacturing Co. v. Powell*, Tex.]

PRINCIPAL AND SURETY—LIABILITY OF FIRM.—A partnership firm is not liable as a mere surety upon contracts foreign to the purposes for which the partnership was entered into by the partners. This rule, however, does not necessarily relieve from liability a partnership firm which, for the purpose of subserving its own interests, has become surety for the performance by a principal contractor of his several undertakings, and which, solely by reason of its said relationship, has secured to itself advantages of a substantial character. [*Udell v. Owen*, Neb.]

NEGOTIABLE INSTRUMENT—SURETY.—Where, at the time of a loan by A. to B., to be secured by the note of B., with C. as surety, whose signature B. agrees to procure, the loan money is advanced, and B. signs and delivers the note to A., who subsequently hands it back to him to procure the signature of C., and the latter, at B.'s request, signs, and it is delivered to A., C.'s signing is to be referred to the agreement of B. with A., and there is a consideration to support C.'s undertaking as surety. [*Bowen v. Thwing*, Minn.]

USURY.—When a "bonus" is exacted by the lender as a consideration for making a loan, it is, in computing, for the purpose of determining whether the loan is usurious, to be deducted as of the date when it is payable. If payable at the time of the loan, it is to be deducted from the principal as of the date of the loan, and the remainder, or what the borrower receives and retains, is to be taken as the basis for computation. [*Smith v. Parsons*, Minn.]

CORPORATIONS—NOTES—AUTHORITY OF OFFICERS.—Authority of the president and general manager of a corporation to issue notes in its name will not be implied from the fact that they had on former occasions executed notes in the corporate name, which they had taken care of, without the knowledge of the board of trustees. [*Elwell v. Puget Sound & C. R. Co.*, Wash.]

CORPORATIONS—STOCKHOLDERS—ESTOPPEL.—In an action to recover an unpaid subscription to the capital stock of a corporation, defendant cannot contend that the articles of incorporation are inadmissible, owing to irregularities in the organization of the corporation, where it appears that he was present at the subscribers' meeting, helped in the organization, made no objection thereto for several months, paid several install-

ments on his subscription, and signed the receipt for his stock. [*Ogden Clay Co. v. Harvey*, Utah.]

CORPORATIONS—STOCKHOLDERS' LIABILITY.—A stockholder, though he is himself delinquent on his subscription, may maintain an action against other delinquent stockholders to enforce payment of a judgment obtained by him against the corporation, but he must contribute ratably with the other stockholders to the payment of the amount due him. [*Wilson v. Keisel*, Utah.]

CORPORATIONS—STOCKHOLDERS' LIABILITY.—An action to enforce the stockholders' liability to creditors of the corporation as to their unpaid subscriptions is properly founded on the judgment against the corporation, and not on the indebtedness itself, since the stockholders' liability is secondary, and arises only on the failure of the corporation to pay the judgment. [*Henderson v. Turngren*, Utah.]

BANKS—RECEIVERS—STATE STATUTES.—The California statute authorizing the Attorney-General, on the recommendation of the Bank Commissioners, to institute suit to enjoin any bank guilty of violating the banking laws from doing further business, and, if it is found insolvent, to cause its business to be wound up under the direction of such commissioners (Stat. 1877-78, p. 740, as amended by Stat. 1887, p. 90), does not authorize the Court to appoint a receiver for the bank; and a receiver thus appointed without authority cannot maintain a suit to collect claims of the bank. [*Murray v. American Surety Co. of New York*, U. S. C. C., Cal.]

CORPORATIONS—CERTIFICATE OF STOCK AS PLEDGE.—Where, upon maturity and non-payment of the loan, the pledgee, with assent of the pledgor, transfers such stock to a third person, for a less sum than it was pledged to secure, and there is no proof that the stock pledged was worth more than that sum, it is held that the pledgee is not liable for a conversion of the stock, the debt still remaining unpaid. [*McClintock v. Central Bank of Kansas City*, Mo.]

CORPORATION—FRAUDULENT PROCUREMENT OF SUBSCRIPTION.—Where a subscription to the capital stock of a corporation was procured by fraud of the corporation, and the subscriber discovered the fraud without laches, and repudiated the contract in a reasonable time after the discovery of the fraud, and before the execution by the corporation of an assignment for benefit of creditors, such facts constitute a defense to an action by the assignee against the subscriber for his subscription, though the creditors gave credit to the corporation on the faith of such subscription. [*Savage v. Bartlett*, Md.]

CORPORATIONS—STOCKHOLDERS.—A stockholder may sue to enforce a claim of the corporation against its managing officer for diversion of funds, when its assignee in insolvency refuses to do so. [*Strright v. Junk*, U. S. C. C. of App.]

NEGOTIABLE INSTRUMENTS—BONA FIDE HOLDER.—One who had contracted for the purchase of land at 30 cents an acre, with the understanding that he should be allowed a rebate of 5 cents an acre, associated two other persons with him in the enterprise, who knew nothing of the rebate. He executed his notes for a part of the purchase price, and the vendors indorsed them back to him on account of the rebate: *Held*, that, so far as the associate purchasers were concerned, the notes must be considered as discharged by their indorsement back to the contracting purchaser, and that his subsequent indorsee before maturity with

knowledge of the fraud attempted to be perpetrated on the associates by the rebate contract could not recover from them on the notes. [*Kneeland v. Miles*, Tex.]

NEGOTIABLE INSTRUMENTS—BONA FIDE PURCHASER.—In an action against the maker of a promissory note, which the payee had obtained by fraud, a verdict was properly directed for plaintiff, who discounted the note for value, where defendant's testimony failed to show that plaintiff knew of the fraud or participated in the proceeds thereof. [*Hoats v. Aschbach*, Penn.]

PAYMENT—ACCEPTANCE OF CHECK.—On an issue whether a check indorsed by defendant to plaintiff was accepted as payment of defendant's debt to him, plaintiff testified that he took the check expecting it would be paid, and that the money would go in payment of plaintiff's debt; that he did not take it as a payment of the debt, "but only as a way of paying it." Defendant testified that he gave the check in payment of the debt; that plaintiff made no objection, but said that "this was good for it." Plaintiff receipted the debt, and delivered up defendant's notes therefor: *Held*, that the check was accepted as payment. [*Kirkpatrick v. Puryear*, Tenn.]

BANKS—DRAFT—DAMAGES.—The damages recoverable for the refusal of a bank to pay a check drawn upon it by one who has funds with the bank wherewith to make such payment should not exceed such amount as reasonably and fairly, in the natural course of things, would result from such refusal. [*Bank of Commerce v. Goos*, Neb.]

CONTRACTS—PAYMENT—NOTICE.—A bank which had sold coupons to plaintiff paid her the amount of certain coupons, and received them as its own, but undertook to return them, when not paid by the obligors, by deducting the amount which it had paid to her from a larger amount which it owed to her, and by sending her a check for the balance thus reached: *Held*, the plaintiff could sue the bank for the larger sum without first returning the check or coupons. [*Folsom v. Ballou Banking Co.*, Mass.]

NEGOTIABLE INSTRUMENTS—CHECKS.—Neither a check nor bill of exchange operates as an assignment *pro tanto* of the drawer's funds in the hands of the drawee. [*Exchange Bank of Wheeling v. Sutton Bank*, Md.]

NEGOTIABLE INSTRUMENT—DISCOUNT BY BANK—BONA FIDE PURCHASER.—The president of plaintiff bank, without consideration, obtained defendants' note as a personal loan, and, without disclosing the want of consideration, procured its discount by plaintiff's cashier: *Held*, that, though the cashier was without authority to discount paper, his agency in discounting the note not having been disavowed by plaintiff, it could recover on the note having been disavowed by plaintiff, it could recover on the note, as the president's knowledge of its infirmity could not be imputed to it. [*First Nat. Bank of Grafton v. Babbidge*, Mass.]

THE MANUFACTURE OF BANK NOTES BY THE BANK OF ENGLAND.

There are few more tantalizing experiences than to be present in the printing-room of the Bank of England when the bank notes are being printed, says the *Pall Mall Gazette*. It is bad enough to visit the vaults and see the trucks full of bars of fine bullion, and the bags of foreign gold coin; but nothing in comparison to watching the printing-press turning out £50 or £100 notes as fast as ever the boys can feed the machines. To lift a bar of gold worth only £1,600 requires the application of both hands, and it would tire a man to carry it far; but notes are so light and portable that you could transport the value of a million sterling without the smallest inconvenience. And they are produced with such speed and facility that one finds oneself in danger of regarding them as something which it would be no great sin to appropriate. The piece of blank paper just passes between the rollers of the machine over the engraved plate, along the tapes, and emerges a full-blown Bank of England note.

It is a difficult, if not an impossible, thing to keep strictly to the Tenth Commandment in the presence of so much easily deported wealth. Yet, while the visitor is gazing open-mouthed at the sight of more money than he has probably ever seen in the whole of his lifetime, the boys who feed the machines are, to all appearances, totally indifferent to anything but the importance of keeping the paper straight. Each sheet is sufficient to make two notes placed longwise, and after they are printed it has to be cut. This is the reason why every Bank of England note has three rough or "deckelled" edges. The paper itself needs no description; its peculiar texture and crispness are familiar to everybody; so too is that elaborate water-mark, to imitate which is a crime equivalent to forgery. Bank paper is made at Portal's mills, and although this is a private firm its relations with the Bank have been so long and intimate that it may be regarded as a department of the great institution in Threadneedle street. Although the term "water-mark" is employed, what is meant is really a wire-mark, inasmuch as it is obtained by fixing wires twisted into the approved design on the face of the mould, so that when the pulp settles down it is of necessity thinner on the wire design than at any other part of the sheet.

The crisp and crackling sound given forth at the touch by a bank note is the result of the employment of fine new linen in the manufacture. Other makers could, no doubt, obtain the same quality if it were wanted, but there is no requirement for it anywhere else. It is admirably suited for its purpose, being so thin that an erasure is only made with much difficulty, and at the same time so strong that a note leaf with the addition of a single grain of size will support half a hundred weight without tearing.

Of course, the notes are printed from engraved plates, and about these there are several things not known to the general public. For instance, few people could give, without inspection, the spelling of the words preceding the chief cashier's signature, "For the Governor and Company of the Bank of England." The word "company" is spelt "compa." Then the principal letters are differently formed in notes of different denominations. For example, the "L" in London is not the same in a £5 note as in a £10, or in a £10 as in a £20, or in a £20 as in

a £50, and so on. Very few people recognize that a bank note is a beautiful work of art. The figure of Britannia in the left-hand corner was designed by Maclise, and the original vignette from which it is reduced is still in the possession of the Directors. If the engraving is carefully examined the features will be found to be full of dignity. It would not be proper to point out the many minutiae by which the experts in the Bank can instantly detect a forgery. The general public may, perhaps, be excused for not being able to tell a forged note in all cases, but there can be no such excuse for the officials of the private and joint-stock banks; and yet they rarely detect a bad note, but pass it through, leaving the authorities in Threadneedle street to make the discovery.

NOTES LEAVE THE BANK BUT ONCE.

Each printing machine is capable of turning out 18,000 notes a day. The Bank also prints rupee notes for India—these require two printings, as they are in two colors—and postal orders for the Post Office. In all cases the numbers of notes are added at the same time as the note is printed, the change being effected automatically. The highest denomination of note now printed is for £1,000. The emission of notes varies according to the requirements of the public. It is pretty well known that the Bank is only allowed by the terms of its charter to issue such a number of notes as shall equal the securities deposited by Government against its debt to the Bank and the value of bullion for the time being in its vaults. As a matter of fact a certain proportion of the bullion against which notes are issued may be silver, but that condition is ignored in practice on account of the fluctuating character of the white metal. The fiduciary issue is fixed for the present at £16,500,000, but the amount of gold in the vaults varies continually according to the demand for export and other causes. The weekly Bank return shows the amount of the notes issued and the amount in the banking reserve, and the difference between the two amounts is the value of the notes in circulation.

As soon as a note finds its way back to the Bank, even if it has only been issued a few hours, it is cancelled and never goes beyond the walls again. Considering that they pour in at the rate of about 50,000 a day, of the average value of a million, and that each note has to be recorded, put in order, packed up in its proper bundle, and then put into a box and deposited in the Bank vaults, it follows that a large staff is required in this department. The Bank is under no legal obligation to take all this trouble, which it does entirely in the interests of the public, so that if necessary any particular note can be traced at any time. The notes are kept for five years and are then burned. There is an *auto da fé* once a week, the once precious but now valueless pieces of paper being consumed in a furnace specially constructed for the purpose. The sorting-room, where the returned notes are classified and dealt with, is a long apartment full of busy clerks. The rustle of the crisp paper is the most noticeable thing. It is continuous and something like the hum of many insects.

Whether it is due to the greater perfection to which bank-note printing has been brought, or to the increased vigilance of the police, or to both combined, there are comparatively few forged notes presented, and such as are old productions. There are no gangs of bank-note forgers at work now. In former times the Bank suffered seriously from this class of crime. Putting on one side the memorable forgeries of "Old Patch," and the scarcely less remarkable imitations of John Nicholls, of Birmingham, at a later date, it shows the extent to which

the crime was carried that in 1820 no fewer than 352 persons were convicted of forging small notes. There is kept at the Bank an album containing an interesting collection of forgeries. Some of them are on real Bank paper which had been stolen from the mills; some are produced by the aid of photography; one is actually done with pen and ink, very skillfully, but not skillfully enough to deceive even a tyro in such matters; and in others the water-marks are a clumsy imitation made by the use of a stamp instead of by the application of wire in the pulp. In hardly any case is the engraving executed with sufficient skill to impose on any one familiar with bank notes. But no matter how cleverly the letters may have been formed, an expert official will detect a forgery directly it comes into his hands.

The Bank is always ready to make good a damaged note, provided it retains any of the distinctive features by which it can be identified. It has even paid on fragments of charred paper which any ordinary person would have taken to be beyond identification. In one remarkable case a man found a number of very small and broken pieces of what seemed to be bank notes sewn up in the corner of an old bed-tick, and on taking them to the Bank they were sorted out and minutely examined, with the result that the distinct traces of some twenty notes were found, and the lucky discoverer had the amount made good to him. These fragments, mounted on a sheet of cardboard, are still preserved. Some notes are also preserved, which were recovered from the Eurydice that was lost in the Channel, and which had been in the sea many a day, and are stained with the salt water. There are likewise a few scraps of indistinguishable ash in a covered wineglass, which the Bank was able to identify as the remains of a genuine note, the aid of the microscope being invoked for the purpose.

ANECDOTES OF ANCIENT NOTES.

Among other curiosities which are occasionally shown to favored visitors are some specimens of ancient notes, a number of them for denominations no longer in vogue, such as £1, £15, and £25. There is also carefully preserved the oldest surviving note, one of the year 1699, the amount being written in with ink. Another curiosity is a note for a million, which was required for some transaction between the Bank and the Government, but in this case, too, the amount is written with the pen. The longest time during which a note has remained outside the Bank is 111 years. It was for £25, and it is computed that the compound interest during that long period amounted to no less than £6,000. There is quite a labyrinth of vaults where the disused notes are stored until they have reached the necessary maturity of five years. We understand that they are estimated to weigh 91 tons, and number about 77,745,000—filling 13,400 boxes—and were of the original value of £1,750,626,600.

The Bank of England note is a legal tender for any amount in excess of its face value, but not for less. Thus a person might refuse to take a £5 note in payment of a debt of £4 19s. 6d., though as a matter of fact nobody would be so foolish as to do so. It must be remembered that bank notes are only legal tender as between members of the public so long as the Bank pays in gold on demand. If such an unlikely thing were to happen as the Bank being unable to redeem its promise to pay, then its notes would at once cease to be legal tender. Even as it is their legal tender quality does not extend to Ireland or Scotland.

The "Old Lady of Threadneedle Street" is a most interesting personage. Her departments are as various as they are important. She is the biggest dealer in gold bullion in the whole world, and her vaults often contain as much as from £25,000,000 to £30,000,000 in value, besides the

precious metal, gold and silver, sent there to be warehoused. She also manages the National debt, sees after the payment of the dividends, superintends the transfers of stock, acts as banker to the Exchequer, makes advances to the Government, and performs similar duties for the India Council. She weighs all the gold sovereigns and half-sovereigns that come into her hands and sends the light coins on to the Mint to be melted up and recoined. Moreover, it is her function to look after the gold reserve, and by the regulation of her discount rate to prevent any serious efflux of the yellow metal, whereby a want of confidence would be established.

It was seen at the time of the Baring crisis that she had even higher duties still—namely, those of averting by timely and prudent action a great National disaster. But when all these and other interesting features of her multifarious duties are recognized, it must still be admitted that there is a greater fascination about her manufacture of bank notes than anything else. That appeals to the commonest imagination. No one can see or read about the presses turning out literally millions of pounds' worth of paper money daily without being immensely impressed with the magnitude of the dealings and the wonderful system that has grown up. And every single note is registered, and its movements are recorded, so that any one can always ascertain whether a particular note has or has not returned from circulation, and if it has who paid it in. This system, although very costly, is an immensely powerful engine in the prevention and detection of crime.

BIRTH OF BANK NOTES.

If we are to attach any value to the statement made by Klapproth, in the *Asiatic Journal* for 1822, the invention of bank notes belongs to the Chinese. At the commencement of the reign of Hian-Tsoung, of the Thang dynasty, in the year 807 of the Christian era, and on the occasion of a great famine, the Emperor decreed that all merchants and wealthy persons should deposit the whole of their gold and silver in the public treasury, and in return there were delivered to them notes called "Fey Thsina," or "flying money." Three years afterward the paper money was called in at Pekin; but its circulation continued to be authorized in the provinces. In A. D. 960 the paper currency was revised by another Emperor, merchants being permitted to deposit their bullion in the exchequer and to receive in exchange notes called "running money."

In 1021 this currency represented a value of nearly 3,000,000 ounces of silver. Whether these bank notes were printed from metallic plates has not yet been ascertained; but, taking into consideration the statements made by the Jesuit missionaries that what is known as "block printing" had been practiced in China from the very earliest year of our era, it is extremely probable that the ancient Chinese bank notes were impressions taken from engraved blocks of wood. In what manner the mediæval European banks of deposits made acknowledgments of their indebtedness is a mystery. The first banks of deposit and exchange were established in Italy, very possibly on Roman lines.

The early Italian "banco" was simply a money changer's desk or counter; and when the financier was unable to discharge his pecuniary obligations his bench or counter was hewn in twain, and by metonymy the solvent financier was said to be "banco roto," or bankrupt. As for the bank note it seems to have had a doubtful origin, partaking equally of

the character of a certificate of deposit and of a promissory note or bill of exchange. The acceptor of the note confided to the banker a certain sum in specie, which the banker kept in his vaults, thus saving his customer the expense and danger of carrying large sums of money from place to place at a time when Europe was almost constantly convulsed by war, and the line of demarcation between soldiers and brigands was of the thinnest possible description.

The banks of Venice and of Amsterdam issued these certificates and promissory notes long before the establishment of the Bank of England, and the earliest notes of the bank established by William Patterson, were known as "bills." A merchant who wished to remit a sum of money to a correspondent living in some distant place proceeded to the bank, deposited so much hard cash, and received a "bill" containing a promise to pay the sum deposited on demand. The scheme of a Bank of England appears to have been frequently debated during the Commonwealth, and was seriously discussed at a meeting of the first council of trade at Mercer's Hall after the restoration. That great financial genius, William Patterson, the founder of the existing gigantic corporation in Threadneedle street, himself described the beginning of the Bank of England in his "Proceedings at the Imaginary Wednesday's Club," published in 1717.

The first proposal for a National bank was made in 1691, when the Government had contracted £3,000,000 of debt in the course of three years, and the Ministry had been obliged to solicit advances of ready money from the Common Council of London. The first project of the bank was not well received, as the people were yearning for peace, and disliked a system which Patterson had evidently borrowed in Holland. At length the Ministry of William III. resolved to try the experiment of a National bank, on the expressed condition that if half the capital, that is to say, £1,200,000, were not subscribed by August, 1699, the plan of a bank should be abandoned. So great was the opposition that city merchants and goldsmiths made heavy wagers that one-third of the sum asked for would never be collected; but the whole subscription was completed in ten days, and the cash was paid into the exchequer in rather more than ten weeks.

We can gather a very graphic idea of the early economy of the institution founded by Patterson, from a paper in the Spectator, published in March, 1711. Addison describes how, in one of his rambles, he looked into the great hall where the bank was kept, "and was not a little pleased to see the directors, secretaries and clerks, with all the other members of that wealthy corporation, ranged in their several stations according to the parts they acted in their just and regular economy." It will thus be apparent that highly dignified and somewhat occult chamber of deliberation, the "Bank Parlor," was, in the time of Queen Anne, held *coram publico*, the directors, now called governors, literally sitting at the receipt of custom, and cheerfully taking such sums of money as the city traders chose to intrust them with on the security of bank bills.

His survey of the great hall led "Mr. Spectator" to frame a pleasing allegory, of which the heroine was a beautiful virgin seated on a throne of gold, whose name was Public Credit. The walls, instead of being adorned with pictures and maps, were hung with many acts of Parliament, including magna charta, the act of uniformity and the act of settlement; and then the essayist went on to depict a terrible vision of hideousness—tyranny and anarchy, bigotry and atheism—following in the train of a young man of about 22 years of age, whose name the writer was unable to learn. He had a sword in his right hand, which, in the dance, he brandished at the act of settlement; and a citizen who

stood by the Spectator whispered that he saw a sponge in the left hand of the youthful intruder.

Of course, the young man of 22 was the Young Pretender, and the figurative sponge was intended to wipe out the National debt, but in the end liberty and monarchy, moderation and religion dispersed the demons, and the genius of Great Britain, otherwise the Elector of Hanover, afterward King George I., made his appearance, whereupon fainting credit revived, depleted money-bags swelled to their former bulk, the piles of faggots and heaps of paper changed into pyramids of guineas, and Mr. Joseph Addison, like a staunch Whig as he was, woke "transported" with joy. Public credit has been frequently menaced since the days of the Spectator, and the Bank of England has had to undergo numerous vicissitudes.

"OUR VILLAGE BANK."

"Our Village Bank" is not in England. We have as yet nothing of the sort among ourselves. To see it we must go abroad. I want to ask leave to act as guide in respect of one such institution which ought to possess some little interest, as being the first bank of its kind established in Italy—in that sunny Venetian plain which stretches out from the Carnic Alps to the swampy marshes of the Romagna. To tell the tale of the first village bank of all, which was founded in Germany in 1849, would appear like going back to ancient history. In Italy we find ourselves moving in modern times. This infant Nestor of Italian banks, indeed, is now but little more than ten years old. It was founded on June 20, 1883—born, so to speak, of the same "depression" which has impressed its mark so painfully upon our own rural economy. To some extent, accordingly, the story of the throes which brought it into life, and of its subsequent growth to health and strength, ought in England to touch a sympathetic chord. And there is also another feature commending it to our notice. For in its country, Venetia, we see a rural population, in some respects, at any rate, resembling our own. They are not little freeholders, like the Germans. They are tenants, yearly tenants, living scattered over their parishes, since most buildings are put up on the holdings they belong to. There is a village, of course, in Loreggia, a cluster of houses with a central street, from the midst of which rises up that picturesque *campanile* which tells you at the first glance that you are in Italy. And at one end stands, shady with welcome foliage, what we should call the "Hall"—old-fashioned in style, old-fashioned with its generous hospitality, its quaint old ways, and its trusted old servants, who seem in truth to form part of the family. Here lives the founder of this bank. Signor Wollemborg owes his fortune to banking of the capitalist type. He has shown his gratitude to Providence for its blessings by making banking accessible to his poorer neighbors.

They needed it. The Venetians are industrious and careful husbandmen and thrifty livers. But adverse circumstances conspired to keep them poor. There was the absentee landlord, grasping and grinding, as we have none to grasp and grind in England. And to meet his claims and those of the tax-gatherer, the poor *contadino* had no one to look to for a semblance of help but the usurer, one of the worst pests of Italy, who fleeced him most mercilessly, growing rich upon his misery. The usurer had in Italy so securely established his sway that his calling had come to be looked upon as quite respectable. There is nothing on which he will not lay his hands. If the poor peasant wants money, he

can have it at rates varying from 50 to 1,200 per cent.—often with a Sunday dinner thrown in as a prescriptive condition. Or he may have it from a bank in the town, at which, in consideration of a heavy fee, the usurer consents to act as surety. Should the peasant want a sack of maize—as he sometimes does—he can have that in kind, of inferior quality, at the rate of 24 lire for what in the market costs only 12 lire, but at three months' credit—a matter of 400 per cent. per annum. Should he require live stock, there is the same friend in need to provide it by an arrangement called *soccida*, which throws all the risk and cost of keeping upon the hirer, while securing a sure half of the profits to the lender. Should he want goslings for his wife to rear up and fatten for the market—as favorite an industry in Venetia as chicken-cramming is in Sussex—the usurer will let him have his £2 wherewith to buy fifty goslings, claiming back as interest, at the close of five or six months, five fat geese, representing a value of £1.

That has proved merry business for the usurers, but it kept the peasantry in abject poverty, especially when hard times came and either the earth refused to yield her fruits or the market its prices. Their condition was worse than mere poverty, for it crushed all hope and elasticity out of them. After the year 1880 had brought on the critical period of depression, there seemed scarcely anything left to work for. Cattle, implements, furniture, were all pledged to the usurer. And feed as badly, clothe himself as badly, live as badly as he would, all the peasant's toil went but to enrich his oppressor.

Signor Wollemborg had heard of the astonishing success of village banks established in Germany by Herr Raiffeisen. And in 1883 he decided upon starting his own little pioneer bank in Loreggia. Loreggia is a biggish parish, with something under 3,000 inhabitants, mostly devoted to agriculture and small trade. It was at the time a typical "depressed" parish, because, barring Signor Wollemborg himself, none of its landlords ever came near it, contenting themselves with drawing their rents—which were heavy for land not naturally fertile and poorly developed. Signor Wollemborg had some difficulty in making his neighbors understand his scheme of starting a bank without capital; a bank which would lend money without asking any one to take up shares. The whole thing was as strange to the Italians as it is to ourselves in the present day. However, he succeeded in enrolling about thirty members for his new institution—all of them, except himself and the vicar and the doctor, poor—that is, small tenants or petty freeholders. His first work proved very uphill. There was no good fairy to stand by him. Every inch of ground had to be conquered. To provide the first funds, Signor Wollemborg himself opened his purse, advancing £80—besides, I presume, paying in the bulk of that £280 of deposits which the bank managed somehow to attract in its first term of business of four and a half months. Later, the public Savings Bank of Padua consented to lend £160—but Signor Wollemborg must lodge the rules with it, give it the name of every member, and keep it carefully informed of the state of affairs. Now the Bank numbers somewhere about 130 members. It is not actually embarrassed with cash; it has to study strict economy in all things; many of its transactions seem humble and small. But it raises all the money that it wants; it has no occasion to send any borrower away; the Savings Bank of Padua and other large institutions lend to it willingly. It has a little reserve of 1,500 lire laid up, which has grown very slowly, but promises, now that it has reached such a point, to increase more rapidly. To do them justice, the members are anxious to increase what they know must in the long run prove the backbone of the Bank. At a special meeting, composed

mainly of borrowers, they resolved, rather to go on paying a somewhat higher interest than is absolutely necessary—that is, 6 per cent.—than stint the reserve. The Bank has generally about £600 or £800 out in loans fructifying on people's farms, in the shape of cows, or pigs, or goats, or implements, or manures, or feeding-stuffs; or else earning a profit in village shops in the shape of raw material which gives the tradesman employment for his labor. I won't say that to an untrained eye the difference is likely to be very striking. But any one acquainted with agriculture cannot fail to detect at the very first glance the contrast between an Italian village which has no bank and one in which such a bank has been at work a few years. Where there is such a bank, cultivation is sure to be better. Crops look cleaner and heavier. The live stock are better kept. The buildings are in better order. There is, generally speaking, less poverty, a look of greater prosperity about both people and farms; and if any visitor has time to look into the social life of the village, he will find that there is a good deal more still to distinguish a "bank" village from an ordinary one, even apart from increased economy, sobriety, thrift and saving. The population appear more independent and better conducted. People think more for themselves. They are more friendly and neighborly with one another. And generally there is already a little village club, which is not wholly given up to amusement.

If you would see on the spot what a village bank does for its people, you could not, at Loreggia, have a better guide to explain to you its work than old "Corazza," in respect of age the "father" of the bank. His real name is Bernardo Pietroni; you could not tell that from his signature, which he has learned to scrawl after he was a grandfather, merely to qualify himself for admission to the Bank. Every member is required to be able to sign his name. In the village his opinion counts for as much as that of any other six men. If he is deficient in knowledge of letters, you soon find out that he has plenty of common sense and sound judgment, and has not allowed experience to go by without drawing profit from it. Indeed, in conversation he discovers familiarity with the principles of modern farming rather surprising in so self-taught a man. "It is the Bank that has taught me that," he candidly admits. In providing him with the money which he required for his farming operations, under certain safeguards, it has made him think how he might best employ it. If you will go about his field and his yard, up to his corn loft, and into his cow house, you soon learn why he loves his bank. "I could not keep my farm like that formerly." His house is a large, simple and primitive, but substantial building, according to the custom of the country, affording room for his numerous family, comprising children and grandchildren, of twenty-eight, among whom he lives like a patriarch of old. Such large families, recalling the semi-mediæval *communautés* of France, which Queen Amélie tried to preserve, but of which now only a few stunted remnants survive on the "Black Mountain," are not unusual in Venetia. These twenty-eight are Corazza's children. So far as they are capable of work, they are also his "hands." He requires no hired labor. Corazza will show you his maize cobs, plump and bright in color, his full-grained barley, his well-shaped potatoes. "We used not to grow them like that. It is the Bank that has found the manure and the implements for good cultivation." "But could not you have saved what you wanted for that out of what you were making?" "There was nothing to save," said he. "It all went to the usurer. We never had a farthing over. Besides, if I had saved for buying implements, or manure, I must have starved the farm at some other point, where starving would have meant loss.

The Bank came in from outside. It gave me the additional pound or two, and never taxed me except out of the produce of that additional pound itself. It was content to wait till that had borne fruit. So I could well afford to borrow. It cost me nothing." Corazza will go on to show you his beasts. He is very proud of them. Here are two bullocks worth 1,000 lire—the ordinary price of a peasant's cow is somewhere about 200 lire. He never had a stableful like that in former times. He loves the beasts like children, and so do all his family. They are all inter-related, as he will point out to you. "Come la vostra famiglia," say I, thinking that I may venture upon a little joke. I could not have paid the Pietronis a better compliment. Half a score of mouths laugh an appreciative acknowledgment. These good beasts feed Corazza's family with milk, and they feed, what he appreciates as much, his fields, with fertility. "Put into the ground as much as you can," he says, having learnt, with the Bank's help, a lesson in high farming. "Our soil wants it. But it will give it you all back."

Corazza has more to tell of the benefits of the Bank in other households—real cases, which will bear inquiring into. There was such and such an one in the parish, the tenant of a farm—he has it still—of about twenty acres. It was wretchedly neglected. Everything was pawned, and the only person who got anything out of it was the usurer. It was a hard case. The man joined the Bank, but the Bank was at a loss how much it might trust him with. It advanced him £4. That sufficed to stop a hole. He repaid the money and borrowed more. (The Bank at present lends no more than £30 to one man. But that little sum may be kept continually coming and going, earning and repaying itself, giving the poor fellow £30 perpetually to work with.) The quasi-bankrupt of ten years ago now has his farm in tolerable condition, he has six beasts of his own and £60 laid by in the Savings Bank. "Then why does he not use that instead of the bank money?" "No, no," said Corazza, "that would never do. What he borrows from the Bank he knows that he must repay. So he is careful with it. He will cast over exactly what an outlay will bring him back. Aye, we have learnt to calculate. The other money is far safer where it is now. It is a good security to the Bank, and the man will not fritter it away."

There was another man with a similar holding. He was miserably poor. But the Bank trusted him in 1883 with £8 wherewith to buy two calves. He has borrowed again. He has put a little in here and a little there. He has now five beasts and about 1,400 lire-worth of belongings, instead of practically nothing, and is only 100 lire in debt to the Bank.

Corazza has other cases to tell you of. There was that poor old widow woman, who carries fruit to Padua to sell. What with her poverty and her debts she never felt safe from day to day. The Bank let her have a few pounds. That gave her the ground to stand upon. Her profits came to herself, instead of going to the usurer. She is quit of anxiety now. Her earnings benefit herself.

There was that small tradesman. He was a pauper, receiving parish relief. As such he was not eligible for the Bank. But a kind friend lent him a little to get himself off the rates. The Bank admitted him, gave him a few pounds to buy cheap wares with to hawk about. Now he has his little shop.

Nowhere has gold dropped down in great lumps upon the people. They have not made fortunes suddenly. But they have been helped to earn fairly and to live respectably. It is this being able to get an extra pound or two to do a thing well which was formerly done badly, this power of drawing on a fund never failing at any time that an opportunity offers for employing it profitably, and this pressure put upon people

to calculate what they are doing, which makes this Bank so tellingly useful. The aspect of the farms whose tenants belong to the Bank has been materially changed within the past decade. There is order and tidiness where there used to be the neglect inseparable from penury. "We could not then eat such good polenta," says Corazza's wife, as you stop to look at that huge mess of really appetizing maize porridge brought into the common room to serve as meal for the twenty-eight mouths, large and small. "We had to live on the inferior grain."

And there is saving. Nowhere is a bank set up but it imparts a distinct stimulus to thrift. You wonder that people should be content to wait for the fortnightly meeting of the committee, rather than deposit their pence in the Post-Office Savings Bank, which is open every day. The local people can tell you the reason. That Bank is *their own*. There are Signor Wollemborg, and the doctor, and Corazza, and one or two more, to manage it, every one of whom they know, every one of whom they trust. These are indeed the men of their own choice. And they know where the money is. It does not go into the huge stock of money held by the State, in which it would be lost like a drop of water in the sea, never to be distinguished from other coin. There it is, all their own, in their own village, and what good it does by being employed will benefit themselves and their neighbors.

To see the Bank at work in another aspect, come to the *municipio* to attend while the elected committee hold their sitting. There is the *sindaco* ready to bow you into the room. These village mayors know the value of a village bank. It makes government easier for them. They help it by depositing municipal moneys. Charitable and friendly societies will do the same thing—at first, it may be, to help and strengthen the little bantling, but later, certainly, for safe keeping. As a meeting-place the *municipio* is always open to the Bank. In some parishes—as in Vigonovo—the priest will allow to the banks the use of the church. The committee meet every fortnight, or oftener, should occasion require. At Loreggia, Signor Wollemborg, as president, takes the chair. His brother, who, to save the bank expense, discharges gratuitously the functions of cashier and secretary, sits by his side. And there are the other members. It is surprising what power of following business, of mentally seizing important points, and also, in a rustic way, of expressing themselves, this bank business will give to these simple village folk. It is their first education in public affairs. If Lord Salisbury really believes that what village folk want to arouse their interest and educate them to better things is a circus and not a parish council, let him go to one of these village bank meetings, and see for himself what a remarkably stimulating effect such council-work has upon small rural folk. They take nothing for granted. They will have everything out. And be the other man a squire or a day-laborer, they will argue the case with him thoroughly. At the general meetings, which are held twice or three times a year, to discuss the limits to be fixed for loans, the rates of interest to be charged or given, or any appeal from decisions of the committee, to elect the committee-men, the councilmen, or whatever the business may be, there are debates which indicate a real arguing power.

But the present is a committee meeting. There are candidates waiting for election. Election is no farce. Members are by the rules made responsible for one another. The whole society goes surety for what it borrows, and therefore, in the last resort, also, for what it lends. So members must know that they can trust one another. Accordingly they scrutinize the applicants carefully, and canvass their qualifications and disqualifications. Drunkards, idlers, evil-livers, and the like, the

Bank will not have. So, if there are any such who apply, they are rejected without much to-do. In a good many more cases than one have they come back as reformed characters to find themselves elected. Here is a market which pays value for honesty and good conduct. Job is not expected to "serve God for naught." Hence that marvelous educating power which has made priests own that the Bank in their parish has done more to make good men of their parishioners than all their preaching. And that is so not at Loreggia only. Abano, Vigonovo, Crema, Fallar, and whatever other places possess banks, have all similar tales to tell.

Now come the savings. Here comes in a little girl with her few *centesimi*; next an old woman brings a few lire. There is a lad with his bare legs, still all purple from treading the grapes in true Old Testament style, in a water-tight cart from which the juice runs out by a spout. He has earned a little money, and he carries the *lira* or two to the Bank. These people all bring their savings themselves—not as a matter of distrust towards others, but as wishing to manifest their own keen personal interest in the common institution. This is altogether a different affair from the public-office work of the Post-office Bank. This Bank is to its members a living creature, whose pulse they may feel. Members do not come merely to bring their savings. They want to hear something of what is going on. They are entitled to see the balance-sheet, which is drawn up every fortnight at the close of the committee meeting, and hung up for view in the public-room of the *municipio*. They want to hear if there is any new lending being done. For theirs is a democratic institution, and, as everybody is responsible, everybody wants to be aware in a general way what he is responsible for. No secret is made of loans. Borrowers are perfectly frank with respect to them. Indeed, the more openly the lending and borrowing are done, the better is it for the Bank. At general meetings all members are expected to attend—all but the women members, two in number, both widows, who are entitled to attend by proxy only. For others there is a fine fixed for non-attendance.

After the receipt of the savings comes the consideration of applications for loans. As a rule there is the *vacca*, or the *vitella*, or the *maiale*, to be bought—though the pig is not yet as much honored in Italy as he deserves to be. Sometimes, in the place of a cow or a calf, there is a goat. Or else the village wheelwright will want to buy wood, the shoemaker leather, and so on. Every case meets with careful consideration. Is the applicant trustworthy? Is his case good? Is the sum a legitimate one? Is the time proposed for repayment excessive? Are the sureties good? It may happen that the loan is refused, though such cases are not many. It may happen that the amount is reduced or the period curtailed. According as the committee decide, the applicant is advised, and then he may come with his sureties to receive the money from the cashier in exchange for a bill of exchange which runs only for three months, for whatever period the loan be granted—two years or more—in order that he may be compelled to employ the money as was stipulated. Should he fail to do so, the bill is not renewed.

It would be ridiculous to say that our "Village Bank" has brought about the millennium in Loreggia, or anywhere else. But it has brought the local people very material and welcome help. It has sent the usurer to the rightabout. He has left the place discomfited. It has taught members to bank their money, instead of locking it away in a drawer or hiding it in a stocking, where it could not possibly do any one any good. It has taught them to calculate the profitableness of

their enterprises, and made them familiar with simple accounts. It has added a fresh stimulus to thrift. It has brought public opinion and class opinion to bear upon people in the most effective way—stimulating, checking, restraining. It has made the people better men and better neighbors. Where there used to be grudging and envying, ill-concealed delight in another's troubles, there is now fellow-feeling—because people have learned that they are bound together by a common interest, that their neighbor's hurt is their own, their neighbor's good their profit. Their conscience and their head have been reached by the unerring way of their pocket, which presses the lesson home. The whole is a triumph of the quickening of individual responsibility.

"Our Village Bank" has by no means completed its task. In all probability while Loreggia stands there will be work for it to do. That work is much easier now that the Bank has a standing in the market, that it has approved its solvency, that it has gathered a little patrimony of its own, than in the early days of its childhood. It did not enter into the village like a hero, to "come, see, and conquer." Its progress has been the slow progress of "here a little and there a little"—very much more, really, even economically, than appears on the surface, because, besides the open borrowing and earning, there is so much that is sunk in the household, in the comfort, and in the education of the families benefiting by it. It is best that its triumphs should be slow, for that will make them all the more enduring.

There are about a hundred such banks now in Italy; there are 1,250 of the most rigid type in Germany. They have proved themselves adaptable to the most varied circumstances. They help the poor mountaineers in the districts of Belluno and Udine, who have by their aid raised money to undertake common contracts, to set up granaries distributing grain at cheap prices, to send them on their travels for work into Austria, France, and the United States. In Germany they have, on more favoring soil, produced much more telling results. But the effects, economic as well as moral and educating, have shown themselves in character everywhere the same. And everywhere, also, in equal degree, have these banks proved the safest guardians of their own and other people's money that there could be. Neither in Italy nor in Germany have they lost either creditor or depositor a penny. Humble, small, unpretentious, thriving only by care, inquiry and economy, they have shown themselves one of the most powerful bodies of helpers of the poor, frequently in circumstances in which, in an economic aspect, no other helper could be looked for. No doubt a great work and a great success lie still before them.

If more Englishmen would go and study the work of these banks on the spot, as I have done at Loreggia and elsewhere, I doubt if our own villages would much longer remain without so useful an institution, which has only to be seen to be appreciated. Before the proper appreciation of its work, such as seeing would bring with it, the supposed difficulties would melt away like wax.—*Henry W. Wolff, in the Westminster Review.*

BANKING AND FINANCIAL ITEMS.

GENERAL.

AN UNEXPECTED DIVIDEND.—A. B. Cheney, the Sparta banker, attended a public meeting at which he offered to cut himself to pieces if necessary, and distribute the pieces among his creditors. The offer was received with silence, till one old fellow arose and sung out at the top of his voice, "I think that's a square proposition; it suits me exactly, and I'll take his gall for mine."

SCHOOL SAVINGS BANKS.—The school savings bank system has been demonstrated to be a success by the experience of Norristown, Pottstown, Chester and other cities of Pennsylvania, says the *Philadelphia Record*. In Chester the money at interest from school savings is nearly \$32,000, the bulk of which was deposited in pennies, nickels, and dimes. One pupil alone is reported to have accumulated \$400. Flourishing school banks have been established after the Pennsylvania precedent in Colorado, Kansas and North Dakota, and there are now 400 such banks in the country. But Pennsylvania still has the honor of being in the lead of all the States in the number of these institutions.

EASTERN STATES.

HOBOKEN, N. J.—The Homestead Bank failed ten years ago, and ex-Judge Abel I. Smith was appointed receiver. He has given notice that he would pay to depositors 10 per cent., the first and last dividend, about January 2, 1895. When he took charge he found the bank's affairs hopelessly muddled and did not expect to be able to save anything. One of the assets, a quantity of wine on which the bank had loaned \$10,000, proved to be vinegar, and it was finally sold for \$100.

NEW YORK CITY.—Mr. J. Hood Wright, of the firm of Drexel, Morgan & Co., who has been kept away from his office for many months by illness, has returned to the street, his health having been fully restored.

NEW YORK CITY.—The new secretary of the Clearing House Association, Vice-President William H. Porter, of the Chase National Bank, while one of the younger of New York's influential financiers, has an especially wide reputation among bankers throughout the country. With ex-Comptroller of the Currency Henry W. Cannon, he went to the Chase National less than ten years ago, when the bank's deposits were about \$2,000,000. There are now over 1,500 out-of-town institutions which not only bank on the Chase, but also bank on whatever Mr. Porter says, and they have nearly \$25,000,000 on deposit with the Chase.

NEW YORK CITY.—On the second of October the corner stone of the new building of the New York Clearing House Association was laid with appropriate ceremonies. The presidents and cashiers of all the banks of the city and Brooklyn had been invited to attend, and nearly all were present. The presidents of the trust companies also lent dignity to the occasion by their attendance. The new building is to cost, including the land, about \$900,000. The invited guests gathered at noon on a temporary platform that had been erected in front of the site. Bishop Henry C. Potter opened the ceremonies with prayer, and then President G. G. Williams, of the Chemical Bank, president of the Clearing House Association, delivered an address, in which he recited the history of the association and told of its work. Among other things he said:

"At our origin in 1853 the number of banks in the association was fifty-one, with a capital and surplus of \$35,164,900, and deposits (October 8th) of \$39,000,000.

"It is now composed of sixty-five banks with a capital and surplus of \$132,664,600, and deposits (September 8) of \$583,000,000. The average daily exchanges for the year ending September 30, 1854, were \$19,100,000; the average daily balances were \$980,000. The average daily exchanges for the year 1893 were \$119,900,000; the average daily balances were \$5,600,000.

"The purpose of our organization is very simple and specific; that of making

exchanges and the settlement of balances; and it finds in its daily routine of duties, done like unobtrusive Christian service, the object of its existence fully attained. Yet it has proved in times of peril a rallying point and a center of influence unequalled in the land. At the breaking out of the war the associated banks represented in this Clearing House were the first to take the great loans which maintained our armies in preserving the union of these States.

"No soldier offered his life to his country with more devotion than did these banks stake their existence upon that of the Government of the United States. The first Union victory was won, not by armies in the field, but by marshalled forces which defeated the enemies of the public credit, then prostrate and well-nigh destroyed. This triumph rendered possible those which followed.

"But it has been especially in seasons of panic that the interests centered in this Clearing House have been united to serve the public good. These times of trial to all bank officers, though they may arise from different causes, are all very much alike in effects. These are diminished ability on the part of banks to furnish needed facilities for business, resulting in the cessation of industries, the discharge of laborers and general suffering in the community.

"To erect a barrier against these evils, Clearing House certificates have at various times been issued, resulting, in each instance, in diminishing distrust, restoring confidence and relieving commercial distress. The circumstances attending these issues furnish some of the most interesting chapters in our history.

"Never resorted to except in cases of imperious necessity, they have in each instance well fulfilled the purposes of their issue, notably during the civil war, in enabling the banks to carry the great war loans, and again during the protracted panic of 1893, when the whole country from ocean to ocean was almost overwhelmed with financial disaster. During these trying times the one conspicuous object looked to for relief, aside from Congress, was the New York Clearing House. It boldly and successfully fulfilled its mission. The history of finance records no action of greater consequence in averting calamities arising from panics than that of this Clearing House during the past year. Let us hope that such occasions may not soon arise again; but should they do so, we are sure in any event of wise and resolute action by this body."

At the conclusion of Mr. Williams' speech President F. D. Tappen of the Galatin Bank, Chairman of the Building Committee of the association, read the list of articles to be placed beneath the stone. They included the constitution and lists of officers and committees of the association, manager's report for 1894, proof sheet for October 2, 1894; the blanks used in the daily transactions; the last weekly report of the associated banks; last quarterly statement of National and State banks; statement of loans, reserves and liabilities of the associated banks for the past three years; list of banks and their officers, members of the association; report of the Loan Committee for 1893; a set of United States coins; a programme of to-day's ceremonies; picture and description of the building; address of President Williams, and the engraved plate of invitation.

The corner stone was then laid by President Williams, assisted by the Clearing House and Building Committees and the directors of the building company. A benediction by Bishop Potter closed the ceremonies, which did not occupy more than an hour. There was no music.

The bankers went from the corner stone laying to the old Clearing House building, Nassau and Pine streets, to attend the annual meeting of the association, which was scheduled for 1 o'clock.

The new building, when completed, will be ornate and spacious. It will be 66 feet front and 85 feet deep, and from the plans of the architect, Richard W. Gibson, the structure will be one of the most picturesque in this city. It will be four stories high. The front will be of marble and there is to be a large and sweeping dome. On the first floor will be quarters for some bank; on the second floor will be the rooms of Manager William Sherer and Assistant Manager W. J. Gilpin, the business offices of the Clearing House and the Board room; on the third floor the Exchange room, and on the fourth floor will be rooms for the janitor and for storage purposes.

The Building Committee of the association consists of F. D. Tappen, Chairman; J. Edward Simmons and W. A. Nash.

FREDONIA, N. Y.—Miss Ruby L. Abbey has been elected to a directorship in the Fredonia National Bank to represent the estate of her father, the late Hon. Chauncey Abbey, who was president of the institution since 1881.

PAWTUCKET, R. I.—A large majority of the capital stock of the Third National Bank was represented at the special meeting of the stockholders, and the recent recommendation of the directors that the capital be reduced from \$500,000 to \$300,000 was carried by a unanimous vote, and the new arrangement went into effect with the vote. This action was purely voluntary, and was, of course, taken to strengthen the bank.

WESTERN STATES.

MICHIGAN.—Commissioner Sherwood, of the State Banking Department, completed his abstract of the reports of the 164 banking institutions and four trust companies doing business in this State, showing their condition at the close of business Tuesday, October 2. The total resources of these institutions as shown from the report are \$76,591,312.52, and the liabilities are made to balance. In the latter fund it is shown that the savings deposited are \$34,673,669.64, an increase of \$706,854.41 since the last report, July 18. There is an increase in the total deposits of \$1,176,728.59. This is an evidence that a large share of the money that was drawn from the banks during the recent panic is again finding its way into the vaults and that the State banking institutions are in excellent condition.

SOUTHERN STATES.

BALTIMORE, MD.—James Carey, a retired banker and merchant and a leader in the Society of Friends, is dead. Mr. Carey was born in Baltimore seventy-three years ago. For nearly fifty years he was engaged in mercantile business. He was a director in the National Union Bank until within a few years, and was the first president and at the time of his death a director of the Provident Savings Bank. He was also a director in the Peabody Fire Insurance Co. and the Central Savings Bank. Mr. Carey was deeply interested in charitable and philanthropic work. He was the president of the Baltimore Manual Labor School for many years, resigning a short time before his death, and a trustee of the Johns Hopkins Hospital.

FOREIGN.

MONTREAL.—It has been resolved by the authorities of the Merchants' Bank of Halifax that it shall have a new Montreal office. The basement is to be of fine cut and molded grey granite. The entresol, to a height of nineteen feet, of dressed and molded Miramichi buff stone from New Brunswick. Above it is intended to use buff-colored pressed brick made in Toronto. The trimmings, panels, columns, main cornice, string courses, and all ornamental work will be of terra cotta of a light buff color. The advantages of this material are its absolute fire-proof qualities, its density, there being a skin or crust on the surface of the brick, which prevents the absorption of soot, dust and dirt. In a smoky, manufacturing district this is a most important consideration. Its color being of a creamy buff, fulfills the ideal of color for a public building of this character. Many of the modern buildings in the American cities are of this material. There are several in Toronto, and they form a bright and cheerful contrast to red brick or weather-beaten stone. The banking room on the ground floor will be 50 feet by 33 feet, and 15 feet high. The manager's office will be separate, safe deposit, book and specie vaults, coat room, etc., and in rear will be a store in which it is also proposed to have the Post Office branch for this district. Floors will be of mosaic, counters of marble with wrought-iron screens, ceiling in panelled quartered oak, wainscot and other interior finish also in quartered oak. The first floor will be divided into offices, with wide, light corridor, and two upper floors are designed for Masonic or assembly halls and with high ceilings. Access to these floors will be given by an electric elevator of the most modern equipment, running at a high rate of speed. In the basement are the bank messengers' quarters, storage vault, lavatories, coal and furnace rooms, and storage room for the bank. No expense is being spared to make the building a first-class one in every respect, and one that will be a credit and ornament to Montreal.

Sterling exchange has ranged during October at from $4.86\frac{1}{2}$ @ $4.88\frac{1}{2}$ for sight, and $4.85\frac{1}{2}$ @ $4.87\frac{1}{2}$ for 60 days. Paris—Bankers', $5.17\frac{1}{2}$ @ 5.15 for sight, and $5.19\frac{1}{2}$ @ $5.16\frac{1}{2}$ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, $4.86\frac{1}{2}$ @ $4.87\frac{1}{2}$; bankers' sterling, sight, $4.87\frac{1}{2}$ @ $4.88\frac{1}{2}$. Cable transfers, $4.87\frac{3}{4}$ @ 4.89 . Paris—bankers', 60 days, $5.16\frac{1}{2}$, 1-16 @ $5.16\frac{1}{2}$; sight, 5.15 1-16 @ 5.15 . Antwerp—Commercial, 60 days, $5.18\frac{3}{4}$ @ $5.18\frac{3}{4}$. Berlin—Bankers', 60 days, 95 7-16 @ $95\frac{1}{2}$; sight, $95\frac{3}{4}$ @ 95 13-16. Amsterdam—Bankers', 60 days, $40\frac{1}{4}$ @ 40 5-16; sight, $40\frac{3}{4}$ @ 40 7-16.

The reports of the New York Clearing-house returns compare as follows:

1894.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Oct. 6..	\$500,277,200 .	\$92,215,100 .	\$114,621,200 .	\$589,541,400 .	\$11,142,000 .	\$59,450,950
" 13..	500,168,300 .	92,890,900 .	115,671,200 .	590,859,100 .	11,553,700 .	60,847,325
" 20..	500,772,500 .	93,937,900 .	117,252,500 .	594,706,900 .	11,723,000 .	60,513,675
" 27..	499,632,700 .	93,926,600 .	118,512,100 .	594,295,200 .	11,619,700 .	63,864,900

The Boston bank statement is as follows:

1894.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Oct. 6.....	\$173,304,000 .	\$10,874,000 .	\$7,717,000	\$169,051,000	\$7,069,000
" 13.....	172,721,000	11,039,000	7,892,000	168,429,000	7,030,000
" 20.....	171,861,000	11,164,000	8,336,000	169,237,000	6,816,000
" 27.....	171,297,000	11,433,000	8,691,000 ..	168,199,000	6,975,000

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1894.	Loans.	Reserves.	Deposits.	Circulation.
Oct. 6	\$112,907,000	\$32,391,000	\$115,980,000	\$5,290,000
" 13	112,979,000	32,150,000	115,802,000	5,390,000
" 20	112,301,000	33,420,000	116,867,000	5,404,000
" 27	112,129,000	32,668,000	115,401,000	5,348,000

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money in New York have been as follows:

QUOTATIONS:	October 1.	October 8.	October 15.	October 22.	October 29.
Discounts	4 @ 5 .	4 @ 5 .	5 @ 6 .	4 @ 6 .	4½ @ 6 .
Call Loans	1 @ 1½ .	1 .	1 .	1 .	1 .
Treas. balances, coin..	\$75,943,957 .	\$76,149,231 .	\$75,357,060 .	\$75,406,126 .	\$75,863,023
Do. do currency.	62,534,143 .	59,974,551 .	58,500,788 .	56,488,703 .	54,766,837

DEATHS.

BUSHNELL.—On October 4, aged seventy-five years, J. C. A. BUSHNELL, Cashier of First National Bank, Jefferson, O.

CLARK.—On October 18, aged thirty-four years, E. S. CLARK, President of Hamilton Bank, Brooklyn, N. Y.

DEKUM.—On October 19, aged sixty-five years, FRANK DEKUM, President of Portland Savings Bank, Portland, Ore.

DOWNEY.—On October 1, aged fifty-six years, H. J. DOWNEY, President of Ingham Co. Savings Bank, Lansing, Mich.

JOHNSTON.—On October 19, aged fifty-nine years, DAVID J. JOHNSTON, President of National Bank of Cohoes, N. Y.

READE.—On October 18, aged eighty-five years, E. G. READE, President of National Bank of Raleigh, N. C.

SORTWELL.—On October 4, aged seventy-four years, DANIEL R. SORTWELL, President of Cambridge National Bank, East Cambridge, Mass.

TAYLOR.—On October 15, DANIEL C. TAYLOR, Cashier of First National Bank, Kankakee, Ill.

TODD.—On October 7, aged sixty-two years, W. H. TODD, President of St. Stephens Bank, St. Stephen, New Brunswick.

WINSLOW.—On October 21, aged sixty-seven years, SAMUEL WINSLOW, President of City National Bank, Worcester, Mass.

NEW BANKS, BANKERS AND SAVINGS BANKS.

(Monthly List, continued from October No., page 315.)

<i>State</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ALA....	Opelika \$30,000	Shapard Bank..... William B. Shapard, <i>P.</i> W. L. Dowdell, <i>V. P.</i>	Hanover National Bank. Wm. Porterfield, <i>Cas.</i>
CAL....	Petaluma..... \$200,000	Wickersham Banking Co.. Isaac G. Wickersham, <i>P.</i>	Liberty National Bank. Henry H. Atwater, <i>Cas.</i> F. A. Wickersham, <i>Asst.</i>
DAK. S.	Big Stone City. \$39,000	Gold & Co.	Jas. A. Gold, <i>Cas.</i>
IDAHO..	Caldwell..... \$21,500	Commercial Bank..... John C. Rice, <i>P.</i> Jacob Plowhead, <i>V. P.</i>	A. K. Steunenbergh, <i>Cas.</i>
ILL....	Arcola \$30,000	Arcola State Bank..... Thomas Lyons, <i>P.</i> S. Dorman, <i>V. P.</i>	Michael T. Quirk, <i>Cas.</i> H. O. Snyder, <i>Asst.</i>
"	Kankakee	Legris Bros. & Fraser..... Frederic E. Legris, <i>P.</i> Wm. Fraser, <i>V. P.</i>	Harvey J. Legris, <i>Cas.</i>
IND....	Goodland..... \$10,000	Home Bank..... Fred. D. Gilman, <i>P.</i>	A. T. Bowen & Co. L. L. Erganbright, <i>Cas.</i>
"	New Palestine. \$25,000	Farmers State Bank William T. Eaton, <i>P.</i> John Manche, <i>V. P.</i>	
"	Petersburg \$25,000	Pike Co. State Bank..... Gustoff Frant, <i>P.</i> Harley R. Snyder, <i>V. P.</i>	Jno. O. Davis, <i>Cas.</i>
IOWA...	Davenport..... \$25,000	German Trust Co..... F. H. Griggs, <i>P.</i> Chas. N. Voss, <i>V. P.</i>	Jno. F. Bredow, <i>Tr.</i> R. Andresen, <i>Sec.</i>
"	Exira..... \$25,000	Stuart Bank of Exira..... Lois G. Stuart, <i>P.</i>	S. D. Thayer, <i>Cas.</i> N. P. Christensen, <i>Asst.</i>
"	Wiota.....	Farmers & Merch. Bank... T. G. Turner, <i>P.</i>	Chase National Bank. R. D. M. Turner, <i>Cas.</i>
KAN...	Oneida..... \$10,000	State Bank of Oneida..... Cyrus Shinn, <i>P.</i> G. E. Sanford, <i>V. P.</i>	National Bank of North America. Frank E. Wikoff, <i>Cas.</i> H. L. Wikoff, <i>Asst.</i>
KY....	Bardwell \$20,000	Bardwell Deposit Bank.... M. H. Fisher, <i>P.</i>	H. H. Loving, <i>Cas.</i>
MO....	Cole Camp..... \$10,700	Citizens Bank..... Garrett T. Kieffer, <i>P.</i> J. M. Hunter, <i>V. P.</i>	M. D. Moore, Jr., <i>Cas.</i>
"	Jerico..... \$20,000	P. Lloyd Banking Co..... Peter Lloyd, <i>P.</i> Chas. W. Sheppard, <i>V. P.</i>	Chas. E. Whitsett, <i>Cas.</i>
"	Rolla \$27,000	Rolla State Bank..... Joseph Campbell, <i>P.</i> Benj. L. Knapp, <i>V. P.</i>	Chase National Bank. James B. Sally, <i>Cas.</i>
"	Salem \$10,000	Dent Co. Savings Bank.... F. Dent, <i>P.</i>	J. J. Jadwin, <i>Cas.</i>
MONT..	Livingston ... \$25,000	Edgerton & Hefferlin.....	Chas. A. Baldwin & Co. C. S. Hefferlin, <i>Cas.</i>
NEB....	Gibbon \$10,000	Exchange Bank..... James H. Davis, <i>P.</i> S. C. Bassett, <i>V. P.</i>	Chemical National Bank. Horace F. Flint, <i>Cas.</i>
"	Norfolk..... \$50,000	Citizens National Bank ... G. A. Luikart, <i>P.</i> Chas. S. Bridge, <i>V. P.</i>	National Park Bank. Robert A. Stewart, <i>Cas.</i>
N. J....	Belvidere..... \$50,000	Warren Co. Nat. Bank.... Geo. C. Adams, <i>P.</i>	

<i>State.</i>	<i>Place and Capital</i>	<i>Bank or Banker.</i>	<i>Cashier and N Y Correspondent.</i>
N. Y.	Brooklyn.....	Schermerhorn Bank.....	Manhattan Co. Bank.
		\$100,000 Henry N. Whitney, <i>P.</i>	William H. Palmer, <i>Cas.</i>
OHIO	Malvern.....	Sandy Valley Bank.....	Chase National Bank.
			J. C. Allmon, <i>Cas.</i>
			H. C. Allmon, <i>Asst.</i>
PENN.	Mt. Carmel....	Mt. Carmel Banking Co....	.....
		Frank G. Clemens, <i>P.</i>	G. E. Berner, <i>Sec. & Tr.</i>
		David Camp, <i>V. P.</i>	.....
WIS.	Alma Center...	Exchange Bank.....	.....
		\$12,000 Jerome B. Miller, <i>P.</i>	E. A. Miller, <i>Cas.</i>
"	Kenosha.....	Northwestern Loan & Trust Co.	.....
		\$60,000 Zahnon G. Simmons, <i>P.</i>	Chas. C. Brown, <i>Sec. & Tr.</i>
		George Yule, <i>V. P.</i>	.....
WYO.	Sundance.....	Frank Bros. ....	.....

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from October No., page 316.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. CITY.	Clearing House Association.	William A. Nash, <i>P.</i>	Geo. G. Williams.
CAL.	Bk of Tehama Co., Red Bluff.	E. W. Runyon, <i>P.</i>	J. S. Cone.
"	First National Bank, San Jose.	J. A. Clayton, <i>P.</i>	W. D. Tisdale.
COL.	Colorado State Bank, Durango.	D. K. Drake, <i>Cas.</i>	J. C. Taplin.
CONN.	Birmingham N. B., Birmingham.	Chas. H. Nettleton, <i>P.</i>	Edwd N. Shelton.*
DAK. S.	First National Bank, Mandan.	C. L. Timmerman, <i>Cas.</i>	.....
"	State Bank, Mellette.	C. C. Issenbuth, <i>P.</i>	W. W. Taylor.
GA.	State Savings Bank,	Wm. C. Hale, <i>P.</i>	R. M. Farrar.
"	Atlanta.	D. H. Livermore, <i>V. P.</i>	Wm. C. Hale.
"	Bank of Way Cross.	Warren Lott, <i>Cas.</i>	N. Woodworth.
ILL.	First Nat. Bank, Kankakee.	J. Frank Leonard, <i>Cas.</i>	Daniel C. Taylor.*
"	Lewistown Nat. B., Lewistown.	J. J. McNalley, <i>Asst.</i>	.....
"	Merchants Exch. B., S. Chicago.	F. A. Tinkham, <i>Cas.</i>	Clark P. Wilder.
"	Illinois Nat. Bank, Springfield.	Algernon Farr, <i>2d V. P.</i>	John Hardtner.
IND.	Decatur National Bank,	C. A. Dugan, <i>Cas.</i>	R. S. Peterson.
"	Decatur.	E. X. Ehinger, <i>Asst.</i>	J. S. Peterson.
"	First Nat. Bank, Jeffersonville.	A. A. Swartz, <i>V. P.</i>	.....
"	Summitville Bk, Summitville.	Wm. Warner, <i>P.</i>	Jas. A. J. Brunt.
IOWA.	Maple Valley State Bank,	W. H. James, <i>P.</i>	A. M. Wallace.
"	Battle Creek.	John A. Spielman, <i>V. P.</i>	R. H. Hufford.*
"	First Nat. Bank, Fairfield.	S. A. Cravath, <i>P.</i>	.....
"	Grinnell Savings Bk, Grinnell.	Franklin Floete, <i>V. P.</i>	T. P. Bender.
KAN.	Bank of Beloit,	Allen Clark, <i>P.</i>	J. W. Walker.
"	Beloit.	C. J. Brown, <i>Cas.</i>	.....
KY.	Marion Bank, Marion.	Thos. J. Yandell, <i>Cas.</i>	H. H. Loving.
"	Mt. Sterling N. B., Mt. Sterling.	Pierce Winn, <i>Cas.</i>	H. R. French.
ME.	South Berwick Nat. Bank,	C. H. Wentworth, <i>Cas.</i>	J. H. Plumer.*
"	South Berwick.	.....	.....
MD.	Harford Nat. Bank, Bel Air.	Wm. W. Finney, <i>Actg Cas.</i>	Wm. M. Hines.
MASS.	Traders Nat. Bank, Boston.	F. T. Monroe, <i>Asst.</i>	R. S. Wentworth, <i>Cas.</i>
MICH.	Coldwater Nat. Bk., Coldwater.	H. R. Saunders, <i>Cas.</i>	L. A. Jackson.
MINN.	Bellingham State Bank,	A. B. Dale, <i>V. P.</i>	C. W. Gebhard.
"	Bellingham.	John J. Harstad, <i>Cas.</i>	M. Horn.
"	Bank of Mazeppa.	L. L. Mathews, <i>Cas.</i>	E. E. Fowler.*
"	Minnesota Sav. Bk., St. Paul.	F. C. Stevens, <i>P.</i>	Wm. Bickel.
MISS.	Bank of Crystal Springs.	J. C. Smith, <i>P.</i>	V. L. Terrell.*
NEB.	First National Bank,	W. A. Hampton, <i>P.</i>	O. M. Carter.
"	Alliance.	M. Brennan, <i>Asst.</i>	I. M. Dawson.
"	Firth Bank, Firth.	Geo. F. Collins, <i>P.</i>	John J. Harms.
"	Kearney Nat. Bank, Kearney.	J. A. Schwarzentraub, <i>Asst.</i>	.....

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
NEB....	First National Bank, } Plattsmouth. }	Geo. E. Dovey, <i>P.</i> H. N. Dovey, <i>Asst.</i>	John Fitzgerald.
N. H....	First Nat Bank, Hillsborough.	Clarence C. White, <i>Asst.</i>	
N. J....	First Nat. Bank, Freehold.....	W. H. Vredenburg, <i>P.</i>	Joseph T. Laird.*
N. Y....	Briggs National Bank, } Clyde. }	Louis H. Palmer, <i>P.</i> Wm. S. Hunt, <i>V. P.</i>	Samuel H. Briggs.*
"	..Bank of Niagara, Niagara Falls.	Geo. J. Howard, <i>Cas.</i>	E. J. Mackenna.
"	..North Granville Nat. Bank, } North Granville. }	Isaac V. Baker, Jr., <i>P.</i>	Isaac V. Baker.*
"	..First National Bank, } Rondout. }	S. D. Coykendall, <i>P.</i> Chas. Bray, <i>V. P.</i>	H. G. Young. H. C. Soop.
"	..Skaneateles Savings Bank, } Skaneateles. }	Frank D. Dewey, <i>Cas.</i> J. Horatio Earll, <i>Tr.</i>	Charles Bray. John H. Gregory.
"	..National Bank of Waterville, } Waterville. }	Emerson H. Adams, <i>Asst. Tr.</i> S. W. Goodwin, <i>P.</i>	Wm. B. Goodwin. W. L. Race, <i>Cas.</i>
N. C....	National Bank of Raleigh, } Raleigh. }	W. L. Race, <i>Cas.</i> Chas. H. Belvin, <i>P.</i>	E. G. Reade.* Chas. H. Belvin.
"	..National Bank of Wilmington.	F. H. Briggs, <i>Cas.</i> F. R. Hawes, <i>Act'g Cas.</i>	L. L. Jenkins.
OHIO....	Central Nat. Bank, Chillicothe.	F. A. Stacey, <i>P.</i>	Jno. D. Madeira.
"	..Peoples Banking Co., Clyde....	Taylor Fuller, <i>P.</i>	C. G. Sanford.*
"	..First Nat. Bank, Hillsborough.	John Hulitt, <i>Cas.</i>	Lyne S. Smith.
PA.....	Second Nat. Bank, Clarion....	John Yeany, <i>P.</i>	J. C. Bowman.
"	..First Nat. Bk., Conshohocken.	Wm. D. Zimmerman, <i>Cas.</i>	Wm. McDermott.
"	..First Nat. Bank, Emporium....	M. P. Whiting, <i>Cas.</i>	J. C. Dancelmann.*
"	..First Nat. Bk., Mauch Chunk.	M. S. Kemmerer, <i>P.</i>	E. B. Leisenring.*
"	..Beneficial Sav. Fund Soc., Phila.	Ralph F. Cullinan, <i>P.</i>	Francis J. Crilly.
"	..Nat. Bank of West Grove.....	Menander Wood, <i>V. P.</i>	Samuel C. Kent.*
R. I....	Phenix Nat. Bank, Phenix.....	R. G. Howland, <i>P.</i>	Edwin M. Potter.*
TENN....	Mechanics Savings Bank, } Memphis. }	Isidore Katzenberger, <i>P. M.</i> W. Y. C. Humes, <i>Cas.</i>	H. Katzenberger.*
TEXAS....	Colorado Nat. Bank, Colorado } Eagle Pass. }	H. B. Smoot, <i>P.</i> F. V. Blesse, <i>P.</i>	R. L. Ball. J. A. Bonnet.
"	..First Nat. Bk., San Marcos....	W. A. Bonnet, <i>Cas.</i>	F. V. Blesse.
WASH....	Commercial Nat. Bk., Seattle }	J. H. Barbee, <i>Asst.</i> John Y. Ostrander, <i>P.</i>	Eugene Green. H. W. Wheeler.
"	..Guarantee Loan & Trust Co., } Seattle. }	Wm. A. Peters, <i>P.</i>	L. S. J. Hunt.
WIS....	Manufacturers Bank, } New Richmond. }	E. A. Glover, Jr., <i>Cas.</i>	P. C. Maxson.
WYO....	Rock Springs Nat. Bank, } Rock Springs. }	Joseph Young, <i>V. P.</i> Geo. H. Goble, <i>Cas.</i>	Geo. H. Goble. Frank Pfeiffer.
ONT....	Molsons Bk., Toronto Junc.	Reginald Elliott, <i>Mgr.</i>	T. B. Phepoe.
N. B....	St. Stephens Bk., St. Stephen.	Frank Todd, <i>P.</i>	W. H. Todd.*

* Deceased.

PROJECTED BANKING INSTITUTIONS.

FLA....	Avon Park.....	Bank of Avon Park opened for business; C. C. Chollar, Cashier.
IND....	Dunkirk.....	Farmers Bank. Evans & Girtton, Proprietors.
"	..Indianapolis..	Lawyers Loan and Trust Co.; capital, \$25,000. Directors: W. M. Parr, C. K. Davis, J. J. Williams, P. K. Parr, H. F. Stevenson.
"	..New Paris...	Exchange Bank. Charpie Bros. & Co., Bankers.
"	..N. Manchester.	North Manchester Bank; capital, \$25,000. D. W. Krisher, President; Dayton C. Harter, Cashier.
IOWA....	Boyden.....	Farmers Bank. M. Brick, Cashier.
"	..Epworth.....	Geo. W. Young, of Epworth, and E. G. Swem, of Belle Plaine, will open a private bank at Epworth.
"	..Hartley.....	C. H. Colby & Co.
"	..Muscatine.....	Hershey State Bank; capital, \$50,000. A. P. Brown, President; L. G. Burnett, Cashier.

- ME.... Rumford Falls..Rumford Falls Trust Co. chartered.
- MD.... Baltimore.....Commonwealth Bank. Jas. R. Wheeler, President; George Yakel, Vice-President.
- MICH...MorriceA. L. Beard & Co.
 " ..Peck.....J. M. Gage & Co., Bankers. F. J. Battersbee, Cashier.
- MINN...Staples..... Merchants Bank. C. N. Parker, President; Jno. N. Nevres, Cashier.
- MISS....New Albany....C. F. M. Niles, of Memphis, Tenn., will start a bank at New Albany, Miss.
- N. Y...BuffaloSafe Deposit Co. of Buffalo; capital, \$100,000. Directors: Thomas McFarland, A. M. Morgan, Norris Morey.
 " ..Lancaster.....Bank of Lancaster; capital, \$30,000. Directors: J. O. Garretsee, J. G. Miller, Thomas Leary, Geo. P. Zurbrick and others.
 " ..Tonawanda....An institution of the Dime Savings Bank plan has been started in Tonawanda under the name of the National Deposit Safe.
- N. C....Edenton.....Bank of Edenton; capital, \$25,000. Directors: W. D. Pruden, J. G. Wood, M. H. Dixon, W. O. Elliott, Frank Wood, J. Wood and E. L. Woodard.
- OHIO...Gibsonburg....Gibsonburg Banking Co.; capital, \$40,000. Incorporators: U. B. Erwin, R. Morrison, Wm. M. Masterman, Henry Zoin, P. A. Rust.
- OKL. T.Enid.....Enid State Bank. H. H. Champlin, President; Geo. W. Graham, Cashier.
 " ..Stillwater.....Citizens Bank. H. E. Hand, President.
- PA.... Philadelphia....Commercial Trust Co.; capital, \$500,000. Incorporators: Jas. W. Alexander, B. Gordon Bromley, A. J. Cassatt, Thomas Dewitt Cuyler, Theodore Frothingham, Sidney Dillon and others.
 " ..Pittsburg.....Artisans Savings and Loan Association; capital, \$1,000,000. Directors: James Brown, Allegheny; J. B. McIntire, G. W. Hammer, Wm. F. Smith, S. A. Johnston, Edward M. Behen, R. H. Smith, Pittsburg.
- TEXAS..Carthage.....T. D. Smith, of Fredericksburg, will open a bank at Carthage.
 " ..Galveston.....Weekes, McCarthy & Co., Bankers. Firm composed of H. Pierce, Pierce Station, Texas; N. Weekes and Ed. McCarthy, of Galveston.
 " ..Troup.....New bank to be established.
- WASH..Blaine.....Blaine State Bank; capital, \$50,000. Incorporators: H. W. Wheeler, D. S. Miller, E. R. Wheeler, B. N. Kingsly, James Barnes.
 " ..New Whatcom.Puget Sound Loan, Trust & Banking Co. Victor A. Roeder, President; L. L. Work, Cashier.
 " ..TacomaStetson Trust Co.; capital, \$10,000. Incorporators: C. O. Bates, E. M. Hayden.
- Wis....Hartland.....Bank of Hartland. Frisbie & Co., Proprietors.
 " ..Sparta.....Monroe County Bank. George D. Dunn, President; W. G. Williams, Vice-President and Cashier.
- ONT....MillingtonNew bank will be opened at this place.

APPLICATIONS FOR NATIONAL BANKS.

The following *applications* for authority to organize *National Banks* have been filed with the Comptroller of the Currency during October, 1894.

- PA.....Troy..... First National Bank, by Geo. O. Holcomb and associates.
- TEXAS..ClarksvilleRed River National Bank, by M. L. Sims and associates.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from October No., page 318.)

No.	Name and Place.	President.	Cashier.	Capital.
4980	Warren Co. National Bank.... Belvidere, N. J.	George C. Adams,		\$50,000

CHANGES, DISSOLUTIONS, ETC.

(Continued from October No., page 319.)

- CAL....Merced.....Merced Bank reported closed.
 " ..Riverside.....Riverside National Bank reported consolidated with Orange Growers Bank.
- ILL....Hoopston.....Hamilton & Lateer succeeded by Hamilton & Cunningham.
 " ..Odin.....Independent Bank closed.
 " ..Paxton.....Paxton Bank (Rankin, Durham & Co.) now Rankin, Durham & Lateer, W. J. Lateer, Cashier.
 " ..South Chicago. Merchants Exchange Bank (Swan & Wilder) now W. E. Colborn & Co., proprietors.
- IND....Kokomo.....Russell, Dolman & Co. reported discontinued.
 " ..New Palestine..New Palestine Bank succeeded by Farmers State Bank, incorporated.
- IOWA...Wiota.....Wiota Bank reported closed.
- KAN....Oneida.....Wikoff Bros. succeeded by State Bank of Oneida.
 " ..Victoria.....Bank of Victoria reported closing.
- MINN...Minnesota Lake. Bank of Minnesota Lake succeeded by Security State Bank.
- MO....Jerico.....Morris Banking Co. succeeded by P. Lloyd Banking Co.
- NEB....CampbellFarmers & Merchants Bank reported closed.
 " ..GibbonFirst National Bank succeeded by Exchange Bank.
 " ..KearneyBuffalo Co. National Bank reported suspended.
 " ..Kearney.....First National Bank in hands of receiver.
 " ..Norfolk.....Norfolk State Bank and Citizens National Bank consolidated under latter title.
- N. MEX.Socorro.....Socorro National Bank has gone into voluntary liquidation.
- N. Y....Phoenix.....Phoenix Bank reported closed.
- OHIO...Bainbridge...Rockhold, Cook & Co. reported changed to Rockhold, Brown & Co.
 " ..Bellville.....Commercial Bank (John B. Lewis) reported closed.
 " ..New Lexington.New Perry Co. Bank succeeded by Perry Co. Bank Co. incorporated, same officers and correspondents.
- R. I....Providence....Lime Rock National Bank reported in voluntary liquidation.
- TENN...Clinton.....First Bank reported closed.
- WASH..Kelso.....Merchants Bank reported consolidated with Kelso State Bank.
- WYO...Saratoga.....Bank of Saratoga reported closed.
- ONT....Dutton.....A. N. C. Black reported discontinued.
 " ..Norwood.....J. G. Fitz-Gibbon & Co. discontinued business.

Oct
E.D.M.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, OCTOBER, 1894.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in October.				RAILROAD STOCKS.				MISCELLANEOUS.			
GOVERNMENTS.				RAILROAD STOCKS.				MISCELLANEOUS.			
Interest Periods.	Open- ing.	High- est.	Low- est.	Open- ing.	High- est.	Low- est.	Clos- ing.	Open- ing.	High- est.	Low- est.	Clos- ing.
3s, 1907.... reg.	96	96	96	Col. Fuel & Iron.....	23	17 1/2	—	North American Co.....	4	4 1/2	3 1/2
4s, 1907.... reg.	113 1/2	115 1/2	113 1/2	Col. H. Valley & Tol.....	19	110 1/2	—	Northern Pacific.....	18 1/2	4 1/2	16 1/2
4s, 1907.... coup.	115 1/2	115 1/2	115 1/2	Del. & Hudson.....	134	155 1/2	124 1/2	Do..... pref.	—	19 1/2	—
6s, cur'cy, 1895, reg.	101	101	101	Den. & Rio Grande.....	171 1/2	10 1/2	159 1/2	Ohio & Mississippi.....	17	18	—
6s, cur'cy, 1896, reg.	104	104	104	Do..... pref.	33 3/4	34 1/2	32 1/2	Ohio Southern.....	23	20	—
6s, cur'cy, 1897, reg.	107	107	107	East Tenn. V. & G.....	—	11 1/2	—	Oregon R. & N.....	23	8	—
6s, cur'cy, 1898, reg.	110	110	110	Do..... 1st pref.	—	—	—	Oregon Short Line.....	28	8	—
6s, cur'cy, 1899, reg.	113	113	113	Do..... ad pref.	—	—	—	Pacific Mail.....	3 1/2	14 1/2	19 1/2
				Evansville & T. H.....	—	12 1/2	—	Pecoria, Decatur & Evansville	4 1/2	3 1/2	—
				Illinois Central.....	—	45	90	Philadelphia & Reading.....	20 1/2	16 1/2	17 1/2
				Lake Erie and Western.....	—	18 1/2	16 1/2	Pullman Palace Car Co.....	159 1/2	18 1/2	158
				Do..... pref.	—	—	—	R. & W. P. 5th as't pd.....	18 1/2	16 1/2	17 1/2
				Lake Shore.....	134 1/2	136 1/2	131 1/2	Do..... pref.	—	23 1/2	—
				Long Island.....	—	89	—	Rome, W. & Ogd.....	—	—	—
				Louisville & Nashville.....	56	55 1/2	53 1/2	St. Louis, A. & T. H.....	—	—	—
				Louisville, N. Alb. & Chic.....	7 1/2	7 1/2	7 1/2	Do..... pref.	25	24	—
				Manhattan Consol.....	116	104 1/2	107 1/2	Do..... pref.	—	—	—
				Mexican Central.....	—	99 1/2	98	St. Paul, M. & M.....	110	107	—
				Michigan Central.....	—	98	—	Silver Bullion Ctf.....	—	17 1/2	18 1/2
				Mil., L. S. & W.....	—	47 1/2	14 1/2	Southern Pacific Co.....	20 1/2	10 1/2	9 1/2
				Minn. & St. Louis all ass. pd	—	41 1/2	29	Texas & Pacific.....	9 1/2	12 1/2	11 1/2
				Do..... pref.	—	13 1/2	13	Union Pacific.....	12 1/2	6 1/2	—
				Mo., Kan. & Texas.....	—	22	21	Wabash, St. Louis & Pacific	6 1/2	14 1/2	14
				Do..... pref.	—	22	21	Do..... pref.	14 1/2	13 1/2	—
				Missouri Pacific.....	27	28 1/2	28 1/2	Wisconsin Central.....	4	4	—
				Mobile & Ohio.....	19 1/2	18 1/2	18 1/2	MISCELLANEOUS—	—	—	—
				Nash., C. & St. L.....	100	97 1/2	98 1/2	Am. Cotton Oil Trust.....	31 1/2	32 1/2	27 1/2
				N. Y. C. & St. L.....	—	15	—	Do..... pref.	75	77 1/2	74 1/2
				Do..... 1st pref.	—	14 1/2	13 1/2	Nat. Lead Trust.....	38 1/2	40 1/2	39
				Do..... pref.	—	14 1/2	13 1/2	Tenn. Coal & Iron.....	18 1/2	18 1/2	16
				N. Y., Ont. & W.....	28	26	26	Express—Adams.....	147	150	147
				N. Y., Ont. & W..... all pd.	30	33 1/2	30 1/2	American.....	110 1/2	113	110
				N. Y., Sus. & W.....	17	17 1/2	15 1/2	United States.....	—	50	46
				Do..... pref.	—	45 1/2	42	Wells-Fargo.....	88 1/2	88 1/2	85 1/2
				Norfolk & Western.....	—	8 1/2	6 1/2	Am. Sugar Refineries.....	88 1/2	88 1/2	85 1/2
				Do..... pref.	—	24 1/2	—	Do..... pref.	92 1/2	92 1/2	91 1/2
					—	—	—	Western Union.....	87 1/2	89 1/2	87
					—	—	—	Wheel. & Lake E.....	12 1/2	13 1/2	11
					—	—	—	Do..... pref.	—	45 1/2	39 1/2